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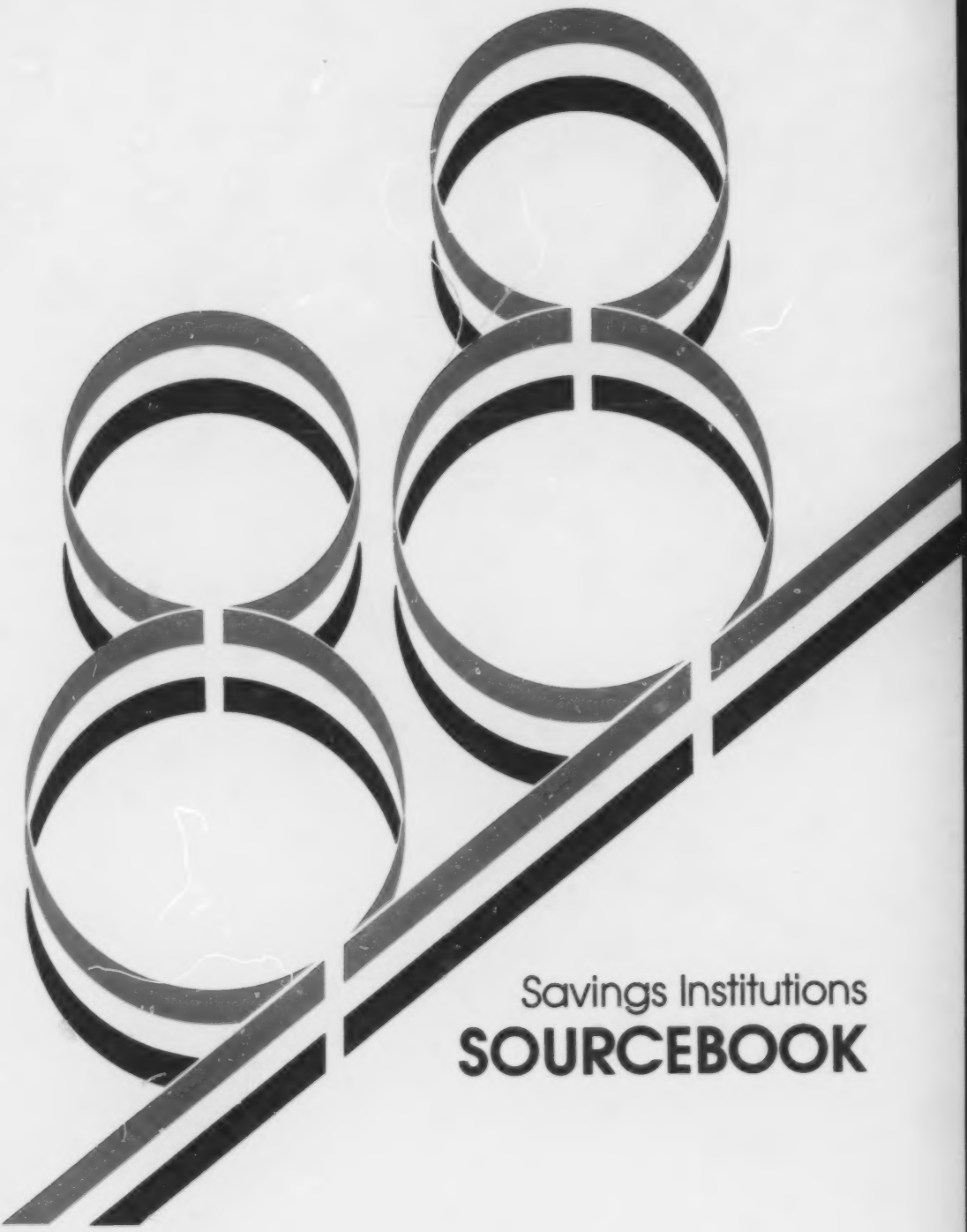

Savings Institutions
SOURCEBOOK

USL
UNITED STATES LEAGUE of SAVINGS INSTITUTIONS

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United States League of Savings Institutions

The primary function of the United States League is to serve the savings institution business and the public interest by furthering thrift and homeownership. Organized more than 95 years ago, the League is regarded as one of the finest trade associations in the country. This reputation stems from a broadly based program having the following objectives: the support of thrift promotion; the encouragement of private investment in the purchase of homes; the development of safe, efficient operating methods for member institutions; and the improvement of statutes and regulations affecting the savings institution business and the public interest.

The United States League currently has 3,400 members. Located in every state, the District of Columbia, Puerto Rico, the Virgin Islands, Guam and other western Pacific areas, these members represent approximately 99% of total savings association assets, as well as many savings banks, state leagues and other savings institution-related organizations. The League is the recognized organization through which members—large and small, across the nation—exchange experience and knowledge, thus elevating the standards and services of individual institutions and the business as a whole.

Closely affiliated with the League are several organizations whose specialized services are important to members and the entire savings institution business:

The Advertising Division, Inc., is a self-sustaining affiliate that develops advertising and promotional materials for use by member institutions, including envelope stuffers; newspaper ads; radio spots; counter literature and lobby display materials; calendars; and *HOME LIFE*, a customer-contact publication. Also, through its Advertising Agency Group it provides full advertising agency service to savings institutions on a market-exclusive basis.

The American League of Financial Institutions offers educational, technical and other support services to savings institutions owned or operated by members of minority groups. Founded in 1948 as an independent trade organization, the American League elected in 1986 to affiliate with the U.S. League.

The Financial Institutions Marketing Association, formerly the Savings Institutions Marketing Society of America, is a professional society for marketing management and professionals in financial services. FIMA offers a full program of regional seminars and schools in addition to its annual marketing conference. It also publishes regular and special publications on all aspects of marketing. Its nearly 2,000 members include some 200 chief executive officers.

The Financial Managers Society, Inc., is a national professional organization whose members are chief executive officers, treasurers, controllers, auditors and information systems managers employed by financial businesses. It has 57 chapters, which sponsor programs on portfolio and cash management, automation, asset and liability management, auditing, stock conversions, mergers, accounting and taxes.

The Foundation for Savings Institutions, Inc., the advertising arm of the savings institution business, recently affiliated with the U.S. League. Its mission is to create and conduct national advertising programs that will benefit all League members.

The Institute of Financial Education is the educational and professional arm of the business. It sponsors 230 chapters nationwide and has a total membership of 50,000 savings institution employees. It offers correspondence courses, resident schools, workshops and prepackaged training programs.

SAF Systems and Forms, Inc., creates and sells a wide variety of financial forms and supplies to financial institutions. SAF also licenses a preauthorized funds transfer system.

The Savings Institutions Insurance Co., Inc., was established in 1987 as an insurance holding company to provide directors and officers liability insurance and blanket bond policies to qualified member institutions.

U.S. League Financial Services, Inc., provides credit card and related services for sale to customers of League member institutions or for use by the institutions themselves.

U.S. League Investment Services, Inc., provides a full range of investment services for savings institutions. These services include asset-liability management, investment portfolio management, and trading and capital market activities. It also manages a mutual fund for savings institution investors.

U.S. League Securities, Inc., a subsidiary of U.S. League Investment Services, Inc., sponsors a mutual fund with four portfolios to help institutions meet various investment objectives. The firm also offers professional services including sale transactions in a variety of securities.

U.S. League Services, Inc., endorses insurance products which member institutions either need for their own protection or can offer to help their customers reach predetermined savings goals.

USL International, Inc., provides technical assistance to housing finance institutions throughout the world.

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PREFACE '88

This is the fifth edition of the *Savings Institutions Sourcebook,* an annual publication of the United States League of Savings Institutions. The new *Sourcebook* continues the major data series that appeared annually in its predecessors, the U.S. League's *Savings and Loan Sourcebook* and *Savings and Loan Fact Book*. To complement these long-running series of savings association data, the *Savings Institutions Sourcebook* presents a full range of savings bank facts and figures as well.

These data are grouped by subject area: savings, mortgage lending, housing, savings institution operations and federal government agencies. A short text explains the basics of the savings institution business and the role it plays in thrift and homeownership. Finally, a glossary of key terms and a comprehensive index assist *Sourcebook* users in locating the information they are seeking.

The *Sourcebook* is distributed to U.S. League member institutions, educators, school and public libraries, financial writers and editors, members of Congress and other government officials, chambers of commerce and home builders. Copies may be obtained from the United States League of Savings Institutions, 111 East Wacker Drive, Chicago, Illinois 60601.

The League is indebted to the many organizations and agencies that cooperated in providing data for the 1988 *Sourcebook*. No effort has been spared to provide the reader with the most accurate and complete data possible within the constraints of the schedule dictated by the book's regular mid-year publication date.

Diana S. Cheseldine, *Sourcebook* Editor
Senior Research Associate
Research Department

The Savings Institution Business

Savings institutions—savings associations and savings banks—perform a vital function in the American economy. They link consumers who have funds to save or invest and those who want to borrow. They accept savings deposits from the public, then use these funds to make various types of investments. Most of these investments are in residential real estate mortgages, and particularly in home mortgage loans.

Savings institutions are specialized but extremely important members of a class of institutions known as financial intermediaries. This classification includes such diverse organizations as commercial banks, life insurance companies, credit unions, and finance and investment companies. As a group, they offer investors and savers a wide variety of financial options and make funds available to borrowers for a broad range of purposes.

At one time, savings associations and savings banks were distinctly different types of institutions with unique purposes and forms of operation.

Today, however, these distinctions have largely disappeared. A convergent trend first appeared a number of years ago, and the Garn-St Germain Depository Institutions Act closed most of the remaining gaps when it was enacted in October 1982.

Among many other distinction-blurring provisions, the Garn-St Germain Act authorized savings associations to convert easily to savings bank form, and vice versa. Other important similarities—and the remaining distinctions—are discussed in this text under specific subject headings.

Chartering and Supervision

Like the commercial banking system, the savings institution business has a dual federal-state system of chartering and supervision. State institutions are chartered under state statutes, and are supervised and examined by their respective state authorities. Federal institutions are chartered under federal law and are subject to the supervision of the Federal Home Loan Bank Board.

Only about one-third of the states presently charter savings banks, and the majority are concentrated in New England, New York and New Jersey. Savings associations, on the other hand, are chartered by all 50 states, the District of Columbia, Guam and Puerto Rico. A federal charter may be issued to an institution headquartered in any state or similar political subdivision.

Savings institutions are privately owned and operated organizations. The development of policy for the conduct of business at the individual institution is the responsibility of a board of directors (or trustees, as they are called at some savings banks) made up of local citizens.

Like many other financial intermediaries, however, savings institutions work within a comprehensive framework of special state and federal laws and regulations. The laws set general standards for the chartering of new institutions, govern operating practices, and control the kinds of loans and other investments that can be made. Supervisory agencies establish more detailed regulations governing operating procedures.

In order to protect the public interest, the appropriate supervisory agencies periodically examine the savings institutions under their jurisdiction to assure compliance with applicable laws and regulations.

Insurance of Accounts

Federal savings associations are required by law to have their savings accounts insured by the Federal Savings and Loan Insurance Corporation. Most state-chartered institutions also are federally in-

sured. Some federally chartered savings banks also belong to the FSLIC.

The Federal Deposit Insurance Corporation was the only federal insuring agency for savings banks until the passage of the Garn-St Germain Act, and a large number of savings banks still are insured by the FDIC.

FSLIC- and FDIC-insured institutions pay a regular insurance premium or assessment for deposit protection. In addition, they must comply with a body of regulations governing their operations.

Ownership

Savings institutions either are mutually owned or have some form of permanent stock ownership. Mutual institutions issue no capital stock. They are owned by their members—the savers and borrowers—who are entitled to vote on business issues.

Stock institutions, in contrast, issue capital stock similar to that of other corporations. It can be bought and sold by investors, confers voting rights and may earn dividends.

Until the 1970s, only state-chartered savings associations were allowed to operate under the stock form of organization. Today, however, existing federal associations may freely convert to stock form, and new federals may begin operations under a stock charter. Since 1975, 758 institutions have converted from mutual to stock ownership.

State-chartered savings banks are nearly all mutual in form, though a growing number have converted to stock form in the last five years. Federal savings banks may select either a mutual or a stock charter when they are organized or when they convert to federal status.

The Savings Picture

Savings deposits are the major source of funds for savings institution lending. For the business as a whole, deposits represent about 75% of all liabilities—what these institutions owe to others.

Many factors influence the ebb and flow of savings funds, including economic conditions, consumer behavior, supervisory agency regulations, competitive conditions, and the individual institution's savings portfolio structure and business techniques.

Despite the rise of powerful new competitors—many operating without the restrictions placed on insured depository institutions—savings institutions continue to attract funds in a deregulated savings environment.

At year-end 1987, FSLIC-insured institutions held $932.7 billion in savings deposits. While 1987 was a year of near-record loan closings, it was also marked by lackluster savings flows except for the period following the stock market crash of October 19.

The main reason for the generally slower deposit growth was that managers of many institutions were not willing to pay the high rates required to attract deposits. Because all growth must be capitalized at a rate of 6%, many institutions found it next to impossible to grow through retail deposit acquisition. Instead, they either had to forgo growth or to look for less costly means of financing it—primarily through borrowings with mortgage-backed securities as collateral or selling loans in the secondary mortgage market.

Savings Deregulation

The single most important factor changing the savings picture in recent years has been deregulation.

In the 1960s, savings institutions and commercial banks became subject to thorough regulation of the kinds of deposit plans and terms they could offer. In essence, this body of regulations gave every institution the same product line, except that savings institutions could pay ¼ of 1% more than banks on most classes of accounts. This differential in favor of thrift institutions was intended to help them attract funds for housing, since they could not offer the full range of consumer financial services that banks could.

These savings account regulations both simplified savings choices for consumers by limiting options, and prevented rate wars among depositories. During the 1970s, however, consumers increasingly reacted to limited choices and controlled

rate ceilings by moving their funds out of depository institutions and into alternative, unregulated intermediaries and direct market investments.

The regulators dealt with these problems by authorizing a greater variety of accounts, raising ceilings on some accounts and tying the ceilings on others to market indicators such as Treasury obligations. Consumers responded by moving an unprecedented amount of money at an unprecedented rate into some of the new accounts.

In 1980 the power to set interest rate ceilings and authorize new types of accounts was shifted from the individual federal banking and savings institution regulatory agencies to the Depository Institutions Deregulation Committee. The overall mission of the DIDC was to phase out interest rate ceilings and most other savings account regulations.

On October 1, 1983, the DIDC removed rate ceilings and minimum balance requirements for all new accounts with maturities of more than one month. At the same time, it reduced early withdrawal penalties and eliminated most other savings account regulations.

On January 1, 1984, the ¼ of 1% savings institution differential was ended. This equalization of rates had been mandated by the Garn-St Germain Act of 1982, which also granted savings institutions broad new powers.

On January 1, 1985, the remaining savings account minimum balance requirements were lowered to $1,000. On January 1, 1986, these minimums were phased out altogether. Three months later, on March 31, the last interest rate ceilings (on passbook accounts) were phased out and the DIDC went out of existence.

Types of Accounts

Savings institutions offer many different types of deposit plans, none of which remain subject to rate controls.

Passbook, or regular or ordinary, accounts permit any amount to be added or withdrawn at any time. No minimum balance is required by regulation, although the institution may set a minimum needed to avoid a service charge or earn interest. Interest rate ceilings on passbook accounts were removed on March 31, 1986.

NOW (negotiable order of withdrawal) accounts function like checking accounts but earn interest at a rate set by the institution. NOWs may contain the funds of individuals and public units but not businesses.

Money market deposit accounts carry a monthly limit of six preauthorized transfers to other accounts or persons. Institutions may set other restrictions or requirements.

Rates and minimum balance requirements on certificate accounts are set by the institution. Institutions also may decide whether to apply an early withdrawal penalty before the expiration date.

Earnings-based accounts are savings instruments that tie part of the interest payment to the return on earmarked assets that are under the control of the institution.

Club accounts help people to save regularly for Christmas, vacation, income tax payments or similar goals. Regular deposits each payday and once-a-year payouts characterize these accounts, which may earn up to the passbook rate.

School savings plans and children's savings clubs are specifically geared for children and young people to help them develop the habit of saving regularly. Deposits may be collected at the school rather than at the institution's offices, and many typical rules and procedures may not apply to such accounts.

Individual retirement accounts and Keogh accounts are not types of savings accounts. Rather, IRA and Keogh funds may be invested in any account, most often a high-rate certificate. IRA and Keogh plans are a form of retirement saving in which the funds deposited and interest earned, up to legal limits, are exempt from income tax until they are withdrawn after retirement. The Tax Reform Act of 1986 put new limits on the deductibility of funds placed in IRAs.

Checking accounts or demand deposits are offered by some savings institutions under some circumstances. Federals may offer them to business customers with whom they have a loan relationship. State savings banks in some jurisdictions may

offer both business and personal checking. No checking account may earn interest.

Other Services

At one time, most savings institution services were directly related to the savings and lending functions.

On the savings side, traditional related services include travelers checks, money orders, safe deposit boxes and payroll deduction plans. Newer savings services include automated teller machines that accept deposits and dispense cash 24 hours a day, transaction facilities in supermarkets and other stores, telephone transfers, electronic funds transfers, and preauthorized deposits and payments.

On the lending side, related services include home planning consultation, home buying seminars and sometimes debt management counseling.

In seeking to become full-service consumer financial centers, savings institutions in recent years have been moving into new financial service areas as laws and regulations permit.

Some savings institutions have set up trust departments offering a full range of personal trust services, including the writing of wills, and estate planning and management. Others offer brokerage services, including buying and selling stocks, bonds and similar securities.

Traditional savings banks in Connecticut, Massachusetts and New York have offered individual and group life insurance plans for many years. The policies are issued by statewide affiliated organizations chartered specifically to provide this coverage.

Credit and debit cards are yet another newer financial service. The credit cards issued most often are those of major national organizations—American Express, MasterCard and Visa. Debit cards may also carry the same brand names; they allow the saver to tap an account at the institution for a purchase instead of running up a bill.

Another service that federal savings institutions may offer since the Garn-St Germain Act is leasing of consumer products such as furniture, automobiles and manufactured (mobile) homes.

Homeownership and Home Financing

Widespread homeownership is one of the distinctive characteristics of American society. Sixty-four percent of all residential units in the United States are owner-occupied.

Building, buying and maintaining the housing units in the U.S. account for hundreds of billions of dollars annually. Housing is a major force in the economy, by any measure. Private residential construction in recent years has accounted for 3.7% to 4.4% of GNP.

At year-end 1987, savings institutions accounted for more than 53% of the residential loans outstanding in the private sector—more than all other lenders combined. Even with government and federal agencies factored in, savings institutions held 33% of all outstanding residential loans.

Savings institutions held more than $710 billion in residential mortgage loans. As a major type of credit, residential mortgage loans are exceeded only by the national debt, and savings institutions are the largest single source of home mortgage credit.

The Mortgage Market

During the early 1980s, high interest rates and recessionary conditions in the nation's economy severely reduced the amount of loanable funds and the demand for mortgage loans. As the economy recovered, savings funds flowed back into thrift institutions and activity resumed in the housing market.

Although savings institutions have increased their activity in commercial and consumer lending in recent years, the overwhelming portion of their assets are still in mortgage investments. At year-end 1987, slightly more than 70% of savings institutions' assets were mortgage related.

FSLIC-insured savings institutions made $252.8 billion in mortgage loans in 1987,

the second highest volume on record, following four consecutive annual lending records. The record lending volume was $265.5 billion in 1986.

Boosting loan volume early in 1987 was a large volume of mortgage refinancings. Homeowners took advantage of the lowest mortgage rates in nearly a decade to refinance, as many had done in 1986, thereby reducing their monthly mortgage payments. In 1987, more than $71 billion, or 28%, of loans closed at savings institutions were refinancings. An increase in mortgage rates, however, began to put a damper on refinancings and mortgage originations for home purchases.

Adjustable rate mortgages captured a much larger share of mortgage originations in 1987 as the spread between the offering rate on a fixed rate mortgage and an ARM widened substantially. ARMs comprised almost 63% of all new mortgages in 1987, the highest percentage since 1984.

In an ongoing effort to restructure their balance sheets, savings institutions sold little of their new ARM production in the secondary mortgage market. Between the end of 1986 and October 1987, the business increased its portfolio of permanent residential ARMs by 18%, from $201.1 billion to $237.5 billion.

The mortgage portfolio turnover ratio expresses inflows as a percentage of the average portfolio over the year; it is a measure of portfolio activity.

At FSLIC-insured savings institutions, the turnover ratio dropped to 40.5% last year from an exceptionally high rate of 50.9% in 1986. The significant decrease in refinancings accounted for much of this decline.

Types of Mortgages

Savings institutions offer a broad range of mortgage options to help their customers meet their home financing needs. Mortgages may be conventional—i.e., not insured or guaranteed by a government agency—or made under a variety of government-sponsored programs. Private mortgage insurance also may be used on conventional loans to reduce risk.

Fixed rate mortgages and adjustable rate mortgages are the most common types of home loans. Adjustable rate mortgages came into widespread use only with the 1983 resurgence of the market. ARMs are central to most portfolio restructuring efforts. When savings rate deregulation began, ARMs were being made in only a few areas of the country. Today, ARMs are an established part of the home finance market. Despite a drop in interest rates, which increased the demand for fixed rate mortgages, the business had more than 44% of its residential mortgages in ARMs by year-end 1987.

Consumers have a range of other borrowing options. For example, graduated payment mortgages have monthly payments that increase periodically at a predetermined rate during the early years of the loan. This helps younger home buyers who anticipate rising incomes. Another version, growing equity mortgages, applies the increased payments to principal, thus building the borrower's equity in the home and paying off the loan more quickly than a traditional mortgage.

Balloon loans are written for terms such as three or five years. They call for regular monthly payments and one large (balloon) payment at maturity. The lender may guarantee renewal.

Like ARMs, these and other types of alternative mortgage instruments written by savings institutions today provide for periodic interest rate adjustments. The amount or number of payments, or both, may change to accommodate these interest rate ups and downs. The frequency and amount of increases usually are limited, while decreases often are not.

This assures people who borrow when market rates are high that the rate they must pay initially will decline if the market rate does. It also means that people who borrow when rates are down pay the lowest possible rate; the lender does not have to build in a higher rate as a hedge against possible future increases in the market. Regulatory safeguards protect the borrower's interests.

In addition to home purchase and home construction mortgage loans, savings institutions make a smaller number of loans on apartments and on commercial and other nonresidential real estate.

Secondary Market

The secondary mortgage market is the aggregate buying, selling and trading of existing mortgage loans and mortgage securities. Investors may buy whole loans, participations (ownership shares in a group of loans) or a variety of mortgage-backed securities.

Mortgage holders may set up pools by packaging FHA, VA or conventional mortgages, and issuing securities that represent shares in the package. The creator of the pool continues to collect payments from the borrowers. Some securities pass borrower payments through to investors monthly, in effect setting up a flow of principal and interest repayments with unpredictable maturity. Collateralized mortgage obligations, on the other hand, pay off one class of investors in an issue before moving to the next higher maturity class, thus affording some investment predictability.

Also, the securities may be guaranteed by the Government National Mortgage Association or partially insured by a private mortgage insurance company.

Institutional lenders such as savings associations and savings banks buy loans and securities in the secondary market when they have available funds that they cannot invest in new mortgages locally or when they wish to diversify their portfolios. Investors that do not have mortgage origination or servicing facilities also use the secondary market to acquire loans.

Correspondingly, lenders that wish to free funds from their existing portfolios sell loans, participations or securities. In times of high interest rates, sellers generally prefer to issue securities. This permits them to use old, low-rate loans to raise new funds without having to sell them at a discount.

Federal housing and mortgage credit agencies operate primarily in the secondary market; they generally are net purchasers. In the private sector, mortgage companies usually dominate the selling side, while savings institutions normally are the largest buyers of loans.

Recently, savings institutions also have become more interested in originating mortgage loans for subsequent sale to investors such as pension funds and insurance companies.

Two surges in interest rates, coupled with severe volatility in the stock market, had a profound effect on the secondary mortgage market in 1987. The secondary market activity of savings institutions reflected the market's volatile nature. After selling a record $169.8 billion in loans and participations in 1986, institutions saw sales decline 27.7% to $122.7 billion in 1987. For savings institutions, 1987 was the first year since 1981 that annual sales did not set a record.

This drop was even more dramatic in that loan sales through the first three months of 1987 ran 8% ahead of the 1986 pace. Even through June 1987, year-to-date sales were up 2% from 1986. The entire drop-off occurred during the last half of the year.

The main reason for this decline was the increase in mortgage rates and the concomitant increase in originations of ARMs, which many institutions prefer to keep in their portfolios and not offer for sale. Higher interest rates dampened the enthusiasm of both home buyers and refinancers as the year progressed. As overall originations fell, fewer new loans were available to sell into the marketplace.

As in 1986, sales to federal secondary market agencies accounted for nearly two-thirds of total loan sales. Many of these sales were in exchange for mortgage-backed securities.

In the future, even more savings institutions are expected to turn to the secondary mortgage market as home mortgage financing becomes more closely tied to international capital markets. As a result, institutions will have to keep developing innovative ways to handle interest rate volatility, maintain a balance between assets and liabilities, and meet capital requirements.

The ability of savings institutions to become bigger participants in the multiclass

mortgage securities market was further enhanced by the creation of a new, tax-exempt mortgage-backed securities pooling mechanism known as a real estate mortgage investment conduit, or Remic. Market conditions in 1987, however, limited new Remic issues.

Other Loans

Besides mortgage loans, savings institutions make a variety of other loans to consumers. These advances are made for purposes such as mobile home and automobile purchases, home remodeling and improvements, education expenses and credit card purchases.

Most of these consumer loans are secured by liens on personal property or simply by the borrower's general creditworthiness. Savings account loans, however, are secured by cash on deposit with the financial institution, usually in a certificate account from which the saver does not want to withdraw until maturity.

Savings associations hold 6.2% of their total assets in all types of nonmortgage loans, while the savings bank figure is about 13%.

The Garn-St Germain Depository Institutions Act of 1982 further expanded savings association lending powers in the areas of consumer, commercial and agricultural lending. Traditional savings banks in some jurisdictions have had these powers for years.

While savings institutions now can make a variety of new types of loans to better serve their customers and their communities, most will remain primarily real estate lenders. The track record of traditional savings banks, which have had diverse investment powers for years, demonstrates this continued emphasis on mortgage lending.

Indeed, nonmortgage loans continued to play a small role in 1987. Commercial loans accounted for only 1.8% of assets, and consumer loans only 4.6%. Cash and financial investments—funds which can be readily converted into mortgages—represented 13.5% of the business' total assets.

Demand for home equity loans, however, was strong at savings institutions in 1987. These loans, which enable homeowners to use the untapped equity in their homes as security to borrow for any purpose, now offer significant tax advantages over traditional forms of consumer borrowing.

Financing housing has been the basic business of savings institutions for more than 150 years, and that expertise cannot be ignored.

Balance Sheet

The balance sheets of the savings association and savings bank businesses to some extent reflect their differing histories and statutory powers. More significant, however, are the marked similarities between the statements of condition of each type of institution, similarities that underline the unity of the savings institution business.

The principal liability of savings institutions is savings deposits, the funds entrusted to them by savers and thus owed to those savers.

For savings banks, savings deposits in recent years have fluctuated between 75% and 85% of total liabilities, while the percentage for associations has hovered between 75% and 80%. In contrast, associations make much heavier use of borrowed funds than do savings banks—nearly 20% versus about 9% of total liabilities—to maintain their lending programs.

Another key item on the balance sheets of both savings associations and savings banks is net worth or general reserves, the earnings retained over the years to cushion operating losses.

On the asset side of the balance sheet, the major item is mortgage loans, representing the money owed to savings institutions by builders and buyers on loans secured by real estate. This balance sheet structure points up the basic function of savings institutions as financial intermediaries serving savers and home buyers.

Liquidity

Cash and the government security and investment portfolios of savings institutions represent a major asset classification.

All prudent depository institutions hold some liquid investments to ensure that funds are available to meet any sudden increase in deposit withdrawals. Any liquidity regulations for state-chartered savings institutions that are not members of the FSLIC or the FHLB System are set by state authorities. All other savings institutions—the vast majority—are subject to the FHLBB's liquidity rules for FHLB System members.

In these regulations, the Bank Board specifies two minimum levels of liquid assets—overall holdings and a smaller percentage of short-term investments.

The Bank Board is empowered by law to vary the overall liquidity ratio between 4% and 10%. The base against which mandated liquidity ratios are computed is composed of withdrawable savings deposits and borrowings repayable on demand or in one year or less. These numbers are the denominator in the computation. Qualifying investments are the numerator.

Liability Reserves

On the liability side of the balance sheet, reserves are funds set aside over the years to cushion depositors against any losses on loans or other investments.

Regulatory authorities establish minimum required levels of liability reserves for the institutions they oversee, as well as specifying the exact balance sheet items that may be counted toward the total.

In August 1986, the Federal Home Loan Bank Board issued extensive amendments to its net worth regulation for FSLIC-insured institutions. The new regulation, which became effective January 1, 1987, imposed significantly tighter capital account discipline on the savings institution business. Over time, the regulation will require savings institutions to build their capital ratios from 3% to 6% of liabilities. When the 6% level will be reached is to be determined by two main conditions: each institution's level of capital as of December 31, 1986, and the overall profitability of the business. Officially, the new regulation replaced the term "net worth" with "regulatory capital." In practice, however, the term net worth will likely remain in use.

The new capital rules will have the least impact on savings institutions with strong net worth ratios. Some institutions will have to adjust their capital ratios more quickly than others.

The items that FSLIC-insured institutions may count toward net worth include: all liability reserve accounts (except specific and valuation reserves), common and preferred stock, retained earnings and undivided profits, appraised equity capital, equity securities, mutual capital certificates and subordinated debt securities issued in conformity with strict regulations, income capital certificates, and net worth certificates.

Appraised equity capital is the amount by which the value of a savings institution's assets, such as its office buildings, exceeds the item's book value.

Income capital certificates are FHLBB certificates that are agreements to pay back a corporation's loan, plus interest, when and if an institution in financial difficulty gets into a better position. Payments are installments and are always less than the institution's net income.

Mutual capital certificates and *subordinated debt securities* are forms of debt that have the characteristics of equity securities because of their long terms and because they give the investor a residual repayment claim similar to that of an owner, not a depositor or other creditor of the institution.

Net worth certificates are a form of capital assistance from the FSLIC and FDIC to institutions that are having trouble meeting net worth requirements. This emergency aid plan was created by the Garn-St Germain Act in response to the severe earnings pressures that some depository institutions experienced in the 1980-1982 recession.

Asset Reserves

On the asset side of the balance sheet, reserves are funds set aside against certain types of deposits. These reserves must be in the form of nonearning deposits at a Federal Reserve Bank and cash on hand at the institution.

The required level of asset reserves is based on the total of transaction accounts (NOW, checking and other third-party payment accounts) and nonpersonal time deposits (savings accounts not owned by natural persons). Certain other sources of funds also may be included.

Asset reserves have been required for Federal Reserve member commercial banks for many years; legislation enacted in 1980 authorized the Fed to set asset reserve requirements for other types of depository institutions as well.

Operations Framework

Savings institutions operate within a comprehensive framework of state and federal laws and regulations. These rules set the requirements for the chartering of new institutions, govern operational practices, and describe the kinds of instruments that may be used to borrow money and the permissible loans and other investments for those funds.

For many years, regulations grew almost constantly in number and complexity as the authorities spelled out the permitted activities and required safeguards in each new sphere of operations that savings institutions were authorized to enter.

In recent years, however, the trend has been toward less explicit regulations. This allows individual institutions far more operating discretion in tailoring their services to the needs of their marketplace and the particular competitive situation they face.

Savings flows and mortgage lending volume are affected by legal and regulatory constraints, and by the economic environment. The radical shifts in monetary conditions during the last 20 years have had far-reaching effects on the operations of savings institutions. The balance sheets and income statements of both associations and savings banks reflect the pervasive forces of change.

Many factors must be reconciled in order to produce a sound savings institution. Decisions on such matters as products offered, liquidity, the use of borrowed funds, income and expense, and personnel must all be made in a manner that will maximize the consumer financial services offered to the community. The overriding consideration at all times, of course, is the soundness of the institution.

Income and Expense

Mortgage loans are by far the most important source of savings institution earnings, while the largest use of income is the payment of interest to savings account holders.

Interest and fees on mortgage loans and mortgage-backed securities accounted for more than 77% of the operating income of FSLIC-insured institutions and more than two-thirds of operating income for savings banks in 1987. Interest on investments—primarily liquidity holdings in the case of FHLB System member institutions—accounted for another 10.8% of association income and about one-quarter of savings bank income.

The greatest expense of both savings associations and savings banks was interest on savings deposits and borrowed money, about 68% of all expenses for associations and 77% for banks.

Trailing far behind the funds allocated to savers were the operating expenses of savings institutions. The ratio of operating expense to operating income has undergone a substantial decline over the years, due to increases in operating efficiency. Salaries and wages are the principal operating cost, accounting for more than 40% of current operating expenses in 1987.

The net income of savings institutions is the balance remaining after all operating expenses, interest on savings deposits and borrowed money, income taxes, and the difference between nonoperating income and nonoperating expenses are deducted from current income.

Tax Laws and Savings Institutions

Savings institutions are among the businesses heavily affected by the Tax Reform Act of 1986. The law created substantial tax-planning challenges and opportunities for savings institutions as a result of key changes involving corporate tax rates, bad debt calculations and the treatment of net operating losses.

One of the changes reduced the top tax rate from 46% to 34% for all corporations, including institutions. The law estab-

lished an effective date of July 1, 1987, for rate reductions, producing maximum blended rates of about 40% for calendar year 1987.

The main feature of the Internal Revenue Code for savings institutions is the availability of a special tax deduction for additions to reserves for bad debts. The new law substantially changed the size and applicability of this deduction. Under the previous law, an institution generally qualified as a savings association for tax purposes as long as it held at least 60% of its assets in cash, U.S. government or agency securities and housing-related investments such as loans secured by real estate. A maximum 40% of taxable income bad debt deduction applied but was subject to a pro rata reduction to the extent qualifying assets comprised less than 82% of total assets.

The new tax law reduced the percentage of taxable income bad debt deduction from 40% to 8% for tax years beginning after December 31, 1986. In addition, the new law eliminated the 82% qualification for the maximum deduction. Instead, a standard 60% threshold was established in order to qualify as a savings association.

Under another provision of the 1986 tax law, savings institutions' net operating loss carrybacks and carryforwards are now covered by the same rules that generally apply to other corporations. Formerly, institution net operating losses could be carried back 10 years and carried forward five years. The new tax law's standards provide for three-year carrybacks and 15-year carryforwards.

The 1986 tax law also provided for the creation of a new, mortgage-backed securities pooling mechanism known as a real estate mortgage investment conduit, or Remic. A Remic security is similar to a collateralized mortgage obligation but qualifies for more favorable tax and accounting treatment. Issuers may opt for either debt financing or sale of asset treatment in structuring a Remic issue. The Remic statute may enable savings institutions to become bigger participants in the multiclass mortgage securities market since Remic securities qualify for purposes of the asset composition test.

Net Income

Wide variations in operating performance have caused the business' earnings to run the gamut from poor to superb. In 1987, about two-thirds of the savings institution business was profitable, earning about $6.6 billion. Losses heavily concentrated among a relatively small number of institutions, however, brought the business a one-year record loss of $6.8 billion.

Most of these institutions were based in the Southwest and other economically depressed regions of the country. In 1987, these institutions suffered losses totaling about $13.4 billion as a result of operating deficits and write-downs of loans. More than two-thirds of the losses were due to institutions conducting business in the Southwest, which has been hard hit by recession.

Even though the business continues to do an admirable job of restructuring, it is still by and large hostage to the uncertainties of interest rate movements. The rate uptick during much of 1987 reduced profitability by decreasing lower loan fee income and profits from the sale of assets.

Still, the savings institution business today is different from the business that emerged from the interest rate debacle of 1981 and 1982. More sophisticated, the business also has much more leeway for selecting investments and funding sources.

When interest rates are high, market-rate savings accounts attract large volumes of funds. The institution's cost of savings rises very quickly. These high rates must be paid or savings will flow to other institutions and other types of investments. At the same time the interest rates on most other sources of funds also soar.

During the 1980-1982 crunch, most of the savings institution mortgage portfolio still was tied up in long-term, fixed rate mortgages, which turn over very slowly. Periods of high interest rates slow portfolio turnover further, as people defer home construction and purchases until rates decline. The rate of return on the portfolio increases only slowly under such conditions.

With the business' return to profitability in the early 1980s, many institutions began to move aggressively into the new areas that had been authorized by a variety of legislation and regulations. Among these areas were consumer leasing, commercial lending, trust services and credit card issuance.

Eventually, however, economic forces began to turn against a number of institutions, causing large losses in their loan portfolios. Victimized by a plunging oil economy, institutions in Texas bore a substantial share of these losses. In some cases, mismanagement or fraud accounted for severe financial difficulties or failures.

Still, a large majority of the nation's savings institutions remain profitable and well managed. In the years to come, there is no doubt that millions of savers will have funds to invest and millions of borrowers will want to finance homeownership and other basic family needs. Savings institutions have grown to a $1.52 trillion business by specializing for more than 150 years in meeting these needs.

Federal Government Agencies

The FHLB System

The Federal Home Loan Bank System was created in 1932 to provide a central credit facility for the nation's home financing institutions. The System links mortgage lending institutions to the capital markets by issuing consolidated obligations and discount notes in large denominations. The System also serves as a source of secondary liquidity to its members in meeting heavy or unusual withdrawal demands.

All FSLIC-insured savings institutions are required by law to belong to the FHLB System. Membership is open on a voluntary basis to qualified state-chartered savings associations, savings banks and life insurance companies.

The FHLB System is organized in a manner similar to the Federal Reserve System. It is composed of the Federal Home Loan Bank Board, the 12 regional Federal Home Loan Banks and the member institutions.

With total assets of $154.1 billion and total capital of $13.7 billion at year-end 1987, the combined Bank System is one of the largest financial operations in the country.

More than 86% of the System's total assets are in the form of advances to members. Advances must be collateralized by high-quality assets, typically residential whole loans or mortgage-backed securities. Investments, such as government securities, make up the bulk of the remaining 14%.

The System's total capital consists of $11.3 billion in paid-in capital stock, $2.0 billion in legal reserves, $460 million in dividend stabilization reserves and $148 million in undivided profits, less $156 million which the System distributed to the Financing Corporation, discussed later in the section on "Insurance Corporation Resources."

Capital market borrowings are the System's main funding source. Consolidated obligations of the System total $115.7 billion, an amount equal to 75.1% of assets. Because of its government agency status and strong capitalization, the System is able to raise money in the markets at a relatively small spread over comparable Treasury securities. Time and demand deposits are another major funding source, totaling $20.4 billion, or 13.2% of assets.

The System has been consistently profitable. Between 1978 and 1987, the return on assets averaged 1.01%. The lowest ROA over that period was 0.83% in 1981. In 1987, the System's ROA was 0.87%. Most earnings are returned to the business in the form of dividends. Some dividends are paid in the form of additional stock distributions.

In the supervisory area, the Bank Board has decentralized its examination functions to the 12 districts and has significantly expanded its examination and supervisory personnel and compensation. These steps were encouraged by the business and are paid for entirely through examination fees assessed on the savings institutions.

The FHLB Board

The Board has three members, appointed for four-year terms by the President with the consent of the Senate. No more than two members may belong to any one political party.

The Board, located in Washington, D.C., governs and regulates the Bank System. It is the chartering and regulatory authority for federal savings institutions. It also governs the Federal Savings and Loan Insurance Corporation and the Federal Home Loan Mortgage Corporation.

The Board is an independent agency in the executive branch of the government and submits an annual report to Congress.

Its expenses are all met through assessments on the regional Banks and the FSLIC, and examination fees. None of the Board's expenses are paid out of public funds.

The District FHLBs

The district Banks carry out the functions of the System in its dealings with member institutions. Although they are instrumentalities of the federal government, they are wholly owned by their member institutions.

Each Bank has its own staff and board of directors. Each board is composed of six public interest directors appointed by the FHLBB for four-year terms, plus an additional number of directors elected for two-year terms by member institutions.

The regional Federal Home Loan Banks serve as central credit banks for member institutions and have no direct contact with the public except through the sale of consolidated obligations. Member institutions transact their business through the Bank of their own district.

The major sources of funds for the Banks are their capital stock and retained earnings, the proceeds from the sale of consolidated obligations and discount notes, and the deposits of member institutions. The funds from these sources are held as cash, invested in Treasury obligations or loaned to members.

The regional Banks are not autonomous. Besides governing them and setting System-wide policies, the FHLBB reviews their annual budgets and must approve appointments of top personnel.

The Banks provide many services to members besides deposit facilities and advances. Among these services are the safekeeping, purchase and sale of securities; and the operation of statistical and research programs that trace relevant economic conditions in the particular Bank district.

The capital stock of the district Banks is owned by their member institutions. Members are required to own stock equal to at least 1% of their total loan portfolio.

Advances to member institutions represent the major function of the Banks as reservoirs of credit. Advances are subject to a wide range of terms and conditions, which are controlled by statute, the policies of the Federal Home Loan Bank Board and the lending policies of the individual Banks.

FHLB Consolidated Obligations

The Federal Home Loan Bank System's consolidated obligations are used to tap the capital markets for funds to lend to member institutions. They are purchased by a broad segment of financial institutions, corporations and other investors.

In addition, the secretary of the Treasury is empowered to purchase up to $4 billion of consolidated obligations whenever the System's ability to aid savings institutions is substantially impaired by economic conditions.

Federal Home Loan Bank System borrowing closely reflects the demand for advances from member institutions.

FHLMC

The Federal Home Loan Mortgage Corporation, or Freddie Mac, was created in 1970 to promote the flow of capital into the housing market by establishing an active secondary market in mortgages. The corporation is under the direction of the Federal Home Loan Bank Board, and may by law deal only with government-supervised lenders—in essence, depository institutions—and with mortgage bankers that meet FHLBB-specified criteria.

Freddie Mac provides additional loanable funds to lenders by purchasing existing mortgages from their portfolios. The corporation's programs cover conventional mortgage loans of various types, participations in conventional loans, and FHA and VA loans, on both an over-the-counter and a forward commitment basis.

Freddie Mac provides additional loanable funds primarily by buying mortgages from lenders, packaging these loans into securities and then selling the securities as participation certificates to investors. The agency also pledges mortgages as collateral for collateralized mortgage obligations and issues such instruments as mortgage cash flow obligations. MCFs are similar to CMOs, except that underlying mortgages are not pledged in trust as collateral, and

principal and interest payments are not secured by a lien on the mortgages.

Freddie Mac first began purchasing conventional ARMs in 1981 and now offers programs for ARMs with rates that adjust annually, have rate caps of 1% and 2% per year, and are indexed to the rates of corresponding U.S. Treasury obligations.

In 1987, Freddie Mac introduced an ARM Guarantor program along with an ARM participation certificate security with a 1% annual interest rate cap. Through its Guarantor program, Freddie Mac also introduced a strip mortgage participation certificate. The strip PC is a mortgage pass-through security in which the cash flow of the underlying mortgages is separated into two securities that pay either all interest or all principal.

During 1987, Freddie Mac also executed two negotiated swap transactions for ARMs tied to the 11th Federal Home Loan Bank district cost of funds index. Moreover, the agency entered the convertible ARM and convertible fixed rate mortgage markets through separate negotiated swap agreements with individual lenders.

In addition, Freddie Mac implemented changes in participation certificate pooling and grouping procedures in order to help investors evaluate the prepayment behavior of mortgage pools.

The Insurance Corporations

The Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation are permanent instrumentalities of the federal government, similar in structure and purpose. The FDIC was established in 1933 and the FSLIC in 1934 to insure deposits at savings associations, savings banks and commercial banks.

The basic principles of the federal deposit insurance system were developed from the experience of earlier state insuring organizations. These principles include financing the programs through member payments rather than tax funds, supervising and examining insured institutions to limit the insurer's exposure, and establishing procedures for dealing with troubled institutions that minimize inconvenience to depositors and economic disruption to the community.

Both the FDIC and FSLIC insure accounts to $100,000. Insured accounts may be held by individuals, joint tenants, trustees, estates, partnerships, corporations, pension beneficiaries, borrowers with tax and insurance escrow deposits, government units and others.

In protecting the funds of depositors the insurance corporations have a wide choice of remedies when an insured institution's financial position becomes uncertain. They can make loans, grant contributions, purchase assets, provide guarantees or use any combination of these actions to help put the institution back on a firm footing, or allow time for a merger, acquisition or orderly liquidation to be arranged.

In response to the earnings difficulties of 1980-1982, the Garn-St Germain Act of 1982 also authorized the FSLIC and FDIC to provide capital assistance to institutions before their situation requires serious measures. This net worth certificate plan is described earlier in this text, in the section entitled "Liability Reserves."

Regulation and Supervision

Both the FDIC and the FSLIC issue extensive bodies of regulations with which insured institutions must comply. These institutions submit regular financial reports to the FDIC and FSLIC. This allows the corporations to monitor individual performance and to focus supervisory attention on the institutions that may be experiencing difficulties.

In addition, examiners visit insured institutions in order to make a detailed study of books and records to assure compliance with regulations and sound operating policies and procedures.

This three-pronged approach helps make sure that all insured institutions operate in a safe and sound manner and thus reduces risk to the insurance corporations.

Insurance Corporation Resources

During more than 50 years of operation, both the FDIC and FSLIC have accumulated reserves against possible insurance claims by the depositors of defaulted institutions. The FDIC calls this the insurance fund. The FSLIC uses the designation primary and secondary reserves, although

recent financial strains on the Insurance Corporation have left the secondary reserves designation in question.

The two principal sources of increases in insurance corporation reserves are the premiums that insured institutions pay and interest income.

The reserves of the FSLIC and FDIC are invested in U.S. government obligations. Interest from these investments provides more income to both corporations in most years than do insurance premiums.

The FDIC and FSLIC's first line of defense against loss lies in the reserve and net worth accounts of insured institutions. Only when a member's losses exceed its own liability reserves are insurance corporation funds called into action. Finally, both corporations are authorized to borrow from the U.S. Treasury, although neither has ever needed to do so.

Annual premiums for either FDIC or FSLIC coverage are 1/12 of 1% of the insured institution's deposits. Since early 1985, however, the Bank Board has imposed special quarterly premium assessments to bolster the FSLIC's resources. Each assessment has amounted to 1/32 of 1% of each insured institution's deposits, or 1/8 of 1% over the course of a year.

Under servere financial pressures, largely as a result of faltering institutions based in economically depressed regions, the FSLIC has raised more than $3 billion in additional premium income from its special assessments. Still, these funds have been insufficient to enable the Insurance Corporation to deal with a substantial caseload of troubled institutions.

Recent legislation enacted by Congress was designed to ease the pressures on the FSLIC. A provision of the Competitive Equality Banking Act of 1987, which was signed into law in August 1987, authorized the FSLIC to borrow up to $10.8 billion for recapitalization purposes.

Under this legislation, the FSLIC has formed a special subsidiary called the Financing Corporation to sell an annual limit of $3.75 billion in 30-year bonds. The interest on the bonds will be paid by the FSLIC's regular and special assessments. Bond principal will be retired by zero-coupon bonds purchased with funds supplied by the Federal Home Loan Banks.

No taxpayer money is involved in the FSLIC recapitalization program. One aspect of this program will enable savings institutions to recover the $823 million in FSLIC secondary reserves that the Federal Home Loan Bank Board "extinguished" in May 1987 because of the FSLIC's extensive contingent liabilities.

Commercial banks and the FDIC have experienced some problems of their own. A record 184 bank failures in 1987 caused a severe drain on the FDIC's resources, leaving the insurance fund with a marginal increase of $48 million and an overall balance of $18.3 billion at the end of the year.

Many FDIC-insured banks with large holdings of agricultural and energy-related loans experienced problems when a worldwide slowdown in these sectors occurred. As a result, the FDIC decided not to take action to enforce usual capital standards against banks whose primary capital ratio declined to no less than 4% from March 1986 to December 31, 1987, provided these banks met certain conditions.

Insured Savings Institutions

Federally chartered savings associations must belong to the FSLIC; state-chartered associations may join if they qualify. Most state-chartered associations do offer their savers this protection. If an FSLIC-insured association converts to a savings bank charter, it may retain its FSLIC insurance.

Traditional state-chartered savings banks belong to the FDIC, while new federal savings banks are FSLIC-insured. Existing savings banks converting to federal charter may retain their FDIC insurance if they choose.

The gradual decline over the last several years in the number of FSLIC- and FDIC-insured institutions is a result of consolidations and mergers within the savings institution business and does not represent any decrease in insurance coverage for savers.

FHA

The Federal Housing Administration, created by the National Housing Act of 1934, is a federal agency within the

Department of Housing and Urban Development. The FHA operates a variety of loan insurance and subsidy programs designed to help stabilize the home mortgage market, improve housing construction standards and facilitate sound financing on reasonable terms.

Through November 30, 1983, the secretary of HUD set the interest rate ceilings on FHA loans; now, however, the rates are allowed to move freely to meet market conditions. Except in the case of interest-subsidized loans, the FHA borrower prepays a premium to cover the FHA's cost of insuring the loan.

One major program provides for FHA insurance of single-family home loans. It encourages private lenders to extend homeownership opportunities by making loans with low downpayments and maturities up to 30 and 35 years.

VA

The Veterans Administration guarantees loans made by private lenders to eligible veterans of the U.S. armed forces. Covering a certain percentage of a loan's balance up to a specified dollar limit, this guarantee is free of charge to qualifying veterans. The program includes conventional homes, condominiums and mobile homes. Because the VA reduces risk to the lender by guaranteeing part or all of the loan, the lender can safely offer the veteran very low downpayments and long terms.

Historically, the interest rate on VA-guaranteed single-family mortgages was the same as that on FHA loans. Today, the Veterans Administration sets VA loan ceilings.

FNMA

The basic function of the Federal National Mortgage Association is to provide a secondary market in residential loans. Fannie Mae fulfills this function by buying, servicing and selling mortgages, using debt issued under its own name as its primary source of funds.

Fannie Mae is the largest investor in American home mortgages. The agency's mortgage portfolio stood at $96.6 billion at year-end 1987. The organization purchases conventional and government-insured loans outright under a competitive bidding setup.

Fannie Mae has been owned by private shareholders since 1968, although it still has a number of ties to the government. Five of Fannie Mae's 15 directors are appointed by the President. The secretary of HUD has authority to set the corporation's debt limit and its ratio of debt to capital and also may require the corporation to allocate a portion of its purchases to programs related to national housing goals.

GNMA

The Government National Mortgage Association, often referred to as Ginnie Mae, is a wholly owned corporate instrumentality of the U.S. government, operating within HUD. GNMA was created in 1968 to assume certain functions formerly belonging to Fannie Mae, as well as to guarantee securities backed by mortgages insured or guaranteed by the federal government.

The pass-through is the major type of Ginnie Mae-guaranteed mortgage-backed security issued by private mortgage lenders. It provides for passing along to the security holder the monthly payments of interest and principal on the underlying pool of mortgages. The security is fully guaranteed by the federal government.

A futures market in GNMA pass-throughs exists on the Chicago Board of Trade. There, investors can competitively trade contracts to buy or sell agreed-upon amounts of securities at a negotiated price at a specified future date. This market enables savings institutions to pass along the interest rate risks of dealing in these securities to speculators who are more willing to gamble on interest rate trends.

The GNMA contract was the first of the so-called financial futures contracts. Futures contracts in other securities quickly followed. Savings institutions may use futures to hedge the interest rate risk of their asset-liability structure, although speculation is forbidden.

Introduction to the Data

With the passage of the Garn-St Germain Depository Institutions Act in the autumn of 1982, savings associations became able to convert easily to savings banks, and savings banks obtained a similar right of conversion to savings association charters.

By year-end 1987, 499 FSLIC-insured savings banks with more than $284 billion in assets were in operation. A handful of these were de novo federal savings banks, but most were converted savings associations. Thus, for statistical purposes, the traditional distinctions between the institutions calling themselves savings associations and those calling themselves savings banks have become meaningless.

The 1988 *Sourcebook* brings you a comprehensive picture of the savings institution business. In doing so, it uses several different categories of data to describe these institutions.

All savings associations encompasses those institutions with a federal or state savings and loan charter. Data since 1983 are not entirely comparable with those from earlier years, however, because of the number of existing associations that converted to savings banks over the last five years. For example, associations' total assets in 1983 were reduced by nearly $65 billion being transferred to the savings bank column, which has the effect of understating the year-to-year growth of associations.

All savings banks represents institutions operating with a savings bank federal or state charter. Before 1983, these were traditional state-chartered savings banks. Here, too, some incomparability exists between 1983-87 and earlier years, due to the number of conversions of associations to savings bank charters.

All savings institutions data combine savings association and savings bank numbers. In this category, year-to-year comparisons are valid because charter changes do not affect the overall totals. Where totals for all savings institutions are not provided because of space constraints, the reader may wish to compute them from all savings bank and all savings association numbers.

FSLIC-insured savings institutions incorporates data on both savings associations and savings banks that belong to the FSLIC. Because this category takes in most traditional savings associations that converted their charters in the last five years, it is roughly comparable to "all savings associations" in prior years, except that the 1% to 2% of associations that are state-insured or uninsured are excluded.

FDIC-insured savings banks represents the traditional savings bank business but excludes those institutions with state or no insurance of accounts.

FSLIC-insured savings associations consists of traditional associations whose numbers and dollar amounts are diminished by the conversion of institutions to savings bank charter.

Federally insured savings institutions combines FDIC-insured savings bank data with FSLIC-insured savings association and savings bank numbers.

In this *Sourcebook,* the all-inclusive categories are used wherever the data are available. Furthermore, comparable savings association and savings bank data are paired wherever possible in the same or succeeding tables, in order to make it easier for the reader to compare, contrast and total the numbers.

Where it is useful to show more detailed data, available sources have been used even though comparable data for other categories of savings institutions are not gathered or

published. Also, some of these tables continue long-term data series from the *Savings Institutions Sourcebook*'s predecessor publications, series that are widely known to *Sourcebook* users.

In order to avoid lengthy and repetitious footnotes defining many of the terms used in *Sourcebook* tables, definitions appear in the glossary that follows the data section.

To facilitate reference, the tables in the data section of this *Sourcebook* are grouped into five subject areas: savings, mortgage lending, housing, savings institution operations and federal government agencies.

Finally, the index at the end of this publication helps users to locate both data and explanatory text relating to particular topics.

Savings Data

1. DISTRIBUTION OF TOTAL PERSONAL INCOME
(DOLLAR AMOUNTS IN BILLIONS)

Year	Personal Income	Personal Taxes	Disposable Personal Income	Personal Outlays	Personal Savings	
					Amount	As a % of Disposable Income
1960	$ 409.4	$ 50.5	$ 358.9	$ 338.1	$ 20.8	5.8%
1965	552.0	65.2	486.8	452.5	34.3	7.0
1970	831.8	116.2	715.6	657.9	57.7	8.1
1971	894.0	117.3	776.8	710.5	66.3	8.5
1972	981.6	142.0	839.6	778.2	61.4	7.3
1973	1,101.7	152.0	949.8	860.8	89.0	9.4
1974	1,210.1	171.8	1,038.4	941.7	96.7	9.3
1975	1,313.4	170.6	1,142.8	1,038.2	104.6	9.2
1976	1,451.4	198.7	1,252.6	1,156.9	95.8	7.6
1977	1,607.5	228.1	1,379.3	1,288.6	90.7	6.6
1978	1,812.4	261.1	1,551.2	1,441.1	110.2	7.1
1979	2,034.0	304.7	1,729.3	1,611.3	118.1	6.8
1980	2,258.5	340.5	1,918.0	1,781.1	136.9	7.1
1981	2,520.9	393.3	2,127.6	1,968.1	159.4	7.5
1982	2,670.8	409.3	2,261.4	2,107.5	153.9	6.8
1983	2,838.6	410.5	2,428.1	2,297.4	130.6	5.4
1984	3,108.7	440.2	2,668.6	2,504.5	164.1	6.1
1985	3,327.0	485.9	2,841.1	2,714.1	127.1	4.5
1986	3,534.3	512.2	3,022.1	2,891.5	130.6	4.3
1987*	3,745.8	564.7	3,181.1	3,060.9	120.2	3.8

*Preliminary.
Note: Components may not add to totals due to rounding.
Source: Department of Commerce.

2. ALLOCATION OF HOUSEHOLD FUNDS
(BILLIONS OF DOLLARS)

Item	1984	1985	1986	1987*
Disposable Personal Income	$2,668.6	$2,841.1	$3,022.1	$3,181.1
Plus: Increase in Credit	331.5	393.7	392.7	346.4
Equals: Total Funds Available	$3,000.1	$3,234.8	$3,414.8	$3,527.5
Less: Spending on Nondurable Goods and Services	2,094.9	2,260.6	2,397.4	2,552.0
Leaves: Amount Available for Investment in Tangible and Financial Assets	$ 905.2	$ 974.2	$1,017.4	$ 975.5
Invested in:				
Tangible assets	$ 391.4	$ 469.6	$ 530.9	$ 560.3
Financial assets	513.8	504.6	486.5	415.2
Financial Assets Placed in:				
Time and savings deposits	$ 221.5	$ 129.8	$ 104.1	$ 74.1
Checkable deposits and currency	16.6	39.1	99.8	12.3
Insurance and pension funds	152.4	194.5	201.7	244.5
Credit and equity instruments	79.3	129.3	38.3	63.1
Money market funds	44.0	12.1	42.6	21.1

Note: Components may not add to totals due to rounding.
*Preliminary.
Sources: Department of Commerce; Federal Reserve Board.

3. ANNUAL CHANGE IN FINANCIAL ASSETS OF HOUSEHOLDS
(BILLIONS OF DOLLARS)

Year	Savings Associations†	Savings Banks	Commercial Banks	Credit Unions	Life Insurance Reserves	Pension Fund Reserves	Credit and Equity Instruments	Money Market Fund Shares	Total
1960	$ 7.6	$ 1.4	$ 4.4	$ 0.5	$ 3.2	$ 8.3	$ 6.2		$ 31.6
1965	8.5	3.6	22.3	1.0	4.8	12.1	2.8		55.1
1970	11.0	4.4	35.8	1.2	5.5	18.4	– 1.2		75.1
1971	28.0	9.9	40.2	1.7	6.3	21.1	– 8.9		98.3
1972	32.7	10.2	41.3	2.5	6.9	22.6	6.0		122.2
1973	20.2	4.7	49.2	3.6	7.6	25.4	32.0		142.7
1974	16.1	3.1	41.4	2.6	6.7	29.6	36.6	$ 2.4	138.5
1975	42.8	11.2	31.5	5.4	8.7	34.9	27.0	1.3	162.8
1976	50.6	13.0	53.6	6.0	8.4	44.0	23.9	0.0	199.5
1977	51.0	11.1	59.1	7.7	11.5	54.6	27.8	0.2	223.0
1978	44.9	8.6	62.9	6.4	12.0	61.8	56.2	6.9	259.7
1979	39.3	3.4	48.6	4.4	10.7	84.3	52.9	34.4	278.0
1980	41.8	7.5	79.0	8.3	9.7	106.3	22.1	29.2	303.9
1981	20.0	3.0	72.2	3.1	9.2	109.0	17.8	107.5	341.8
1982	46.8	5.3	83.6	10.2	7.2	120.1	88.5	24.7	386.3
1983	101.8	15.9	101.0	14.9	8.0	145.6	93.3	– 31.1	449.3
1984	112.4	7.8	105.0	12.9	5.2	147.2	79.3	44.0	513.8
1985	51.7	5.4	88.9	22.9	10.7	183.8	129.3	12.1	504.6
1986	41.5	6.1	129.1	27.2	17.5	184.2	38.3	42.6	486.5
1987*	42.1	7.1	22.3	14.9	16.0	228.5	63.1	21.1	415.2

Note: Components may not add to totals due to rounding.
*Preliminary.
†Includes most federal savings banks insured by the FSLIC.
Sources: Federal Home Loan Bank Board; Federal Reserve Board.

4. OVER-THE-COUNTER SAVINGS
(BILLIONS OF DOLLARS)

Year-end	Savings Associations[1]	Savings Banks[2]	Commercial Banks[3]	Credit Unions[4]	Total[5]
1960	$ 62.1	$ 36.3	$ 67.1	$ 5.0	$ 171.3
1965	110.4	52.4	130.8	9.2	303.1
1970	146.4	71.6	205.8	15.5	439.3
1971	174.2	81.4	239.2	18.4	513.2
1972	206.8	91.6	273.5	21.6	593.5
1973	227.0	96.5	314.4	24.5	662.4
1974	243.0	98.7	360.5	27.5	729.7
1975	285.7	109.9	393.4	33.0	822.0
1976	335.9	122.9	435.1	39.0	932.9
1977	386.8	134.0	482.0	46.7	1,049.5
1978	431.0	142.7	544.6	53.0	1,171.3
1979	470.0	146.0	589.0	57.5	1,262.5
1980	511.6	153.5	677.8	61.7	1,404.6
1981	525.1	155.1	802.0	64.6	1,546.8
1982	568.0	155.2	921.0	74.8	1,719.0
1983	687.7	172.7	1,037.4	89.7	1,987.5
1984	804.6	180.6	1,140.1	102.6	2,227.9
1985	853.5	186.0	1,235.6	125.5	2,400.6
1986	899 0	192.2	1,326.9	152.7	2,570.8
1987*	940.4	201.5	1,389.0	167.6	2,698.5

*Preliminary.
[1] All types of savings; beginning in 1983, includes FSLIC-insured federal savings banks.
[2] Regular and special savings accounts.
[3] Time and savings deposits of individuals, partnerships and corporations.
[4] Shares and members' deposits.
[5] In 1960 and 1965, includes postal savings not classified elsewhere.
Sources: Federal Home Loan Bank Board; Federal Reserve Board.

5. AVERAGE INTEREST RATE ON SAVINGS AT ASSOCIATIONS†

Month	1985	1986	1987
January	9.58%	8.27%	6.94%
February	9.61	8.43	7.07
March	9.18	8.11	6.75
April	9.22	8.15	6.85
May	9.02	7.90	6.76
June	8.92	7.81	6.68
July	8.78	7.71	6.65
August	8.68	7.59	6.74
September	8.56	7.37	6.78
October	8.46	7.29	6.82
November	8.44	7.19	6.92
December	8.23	6.96	6.88

†Based on data received from 900 associations regularly reporting to the U.S. League. This group holds 50% of the total savings of all associations.
Source: U.S. League of Savings Institutions.

6. AVERAGE ANNUAL YIELD ON SELECTED INVESTMENTS

Year	Savings Deposits in FSLIC-insured Savings Institutions	Savings Deposits in FDIC-insured Savings Banks	Time and Savings Deposits in Commercial Banks	United States Government Bonds	State and Local Bonds	Corporate Aaa Bonds
1960	3.86%	3.49%	2.56%	4.12%	3.73%	4.41%
1965	4.25	4.15	3.69	4.28	3.27	4.49
1970	5.14	5.04	4.95	7.35	6.51	8.04
1971	5.30	5.12	4.78	6.16	5.70	7.39
1972	5.37	5.22	4.66	6.21	5.27	7.21
1973	5.51	5.44	5.71	6.84	5.18	7.44
1974	5.96	5.78	6.93	7.56	6.09	8.57
1975	6.21	5.97	5.92	7.99	6.89	8.83
1976	6.31	6.06	5.53	7.61	6.49	8.43
1977	6.39	6.07	5.50	7.42	5.56	8.02
1978	6.56	6.22	6.02	8.41	5.90	8.73
1979	7.29	6.91	7.48	9.44	6.39	9.63
1980	8.78	8.03	9.08	11.46	8.51	11.94
1981	10.71	9.66	11.31	13.91	11.23	14.17
1982	11.19	9.68	10.46	13.00	11.57	13.79
1983	9.71	8.50	8.43	11.10	9.47	12.04
1984	9.93	8.88	8.90	12.44	10.15	12.71
1985	9.03	8.24	7.89	10.62	9.18	11.37
1986	7.84	7.72	6.72	7.68	7.38	9.02
1987*	6.92	6.79	5.49	8.39	7.73	9.38

*Preliminary.
Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board; Federal Reserve Board; Moody's Investors Service; Standard & Poor's Corporation; United States League of Savings Institutions.

7. SAVINGS DEPOSITS AT FSLIC-INSURED INSTITUTIONS, BY TYPE OF ACCOUNT, YEAR-END 1987

(DOLLAR AMOUNTS IN MILLIONS)

Type of Account	Amount	Percentage
Passbook	$ 87,251	9.4%
NOW and Super NOW	56,705	6.1
Money Market	118,182	12.7
Fixed Maturity	546,084	58.6
Subtotal	$808,222	86.7%
More than $100,000 Certificate	124,445	13.3
Total Savings	$932,666	100.0%

Note: Components may not add to totals due to rounding.
Source: Federal Home Loan Bank Board.

8. TOTAL SAVINGS AND NUMBER OF ACCOUNTS AT ALL SAVINGS INSTITUTIONS

Year-end	All Savings Associations †		All Savings Banks		All Savings Institutions	
	Total Savings (Millions)	Number of Accounts (Thousands)	Total Savings (Millions)	Number of Accounts (Thousands)	Total Savings (Millions)	Number of Accounts (Thousands)
1960	$ 62,142	28,743	$ 36,343	22,493	$ 98,485	51,236
1965	110,385	39,807	52,443	22,326	162,828	62,133
1970	146,404	48,080	71,580	24,967	217,984	73,047
1971	174,197	50,831	81,440	25,748	255,637	76,579
1972	206,764	54,483	91,613	26,947	298,377	81,430
1973	226,968	59,091	96,496	28,333	323,464	87,424
1974	242,974	63,622	98,701	28,508	341,675	92,130
1975	285,743	69,558	109,873	29,712	395,616	99,270
1976	335,912	75,622	122,877	31,475	458,789	107,097
1977	386,800	81,346	134,017	33,302	520,817	114,648
1978	430,953	86,903	142,701	35,476	573,654	122,379
1979	470,004	90,195	146,006	36,410	616,010	126,605
1980	511,636	94,572	153,501	37,600	665,137	132,172
1981	525,061	101,207	155,110	36,855	680,171	138,062
1982	567,961	102,225	155,196	33,966	723,157	136,191
1983	687,682	106,354	172,665	33,949	860,347	140,303
1984	804,617	114,814	182,789	32,846	987,406	147,660
1985	853,533	115,233	185,972	30,259	1,039,505	145,492
1986	898,953	111,160	193,559	30,032	1,092,512	141,192
1987*	940,416	111,424	202,030	n.a.	1,142,446	n.a.

n.a. = not available.
*Preliminary.
†Beginning in 1983, includes FSLIC-insured federal savings banks.
Sources: Federal Home Loan Bank Board; National Council of Savings Institutions; United States League of Savings Institutions.

9. AVERAGE SIZE OF SAVINGS ACCOUNTS AT ALL SAVINGS INSTITUTIONS

Year-end	All Savings Associations	All Savings Banks	Year-end	All Savings Associations	All Savings Banks
1960	$2,162	$1,616	1978	$4,959	$4,022
1965	2,773	2,349	1979	5,211	4,010
1970	3,045	2,867	1980	5,410	4,082
1971	3,427	3,163	1981	5,188	4,209
1972	3,795	3,400	1982	5,556	4,569
1973	3,841	3,406	1983	6,466	5,086
1974	3,819	3,462	1984	7,008	5,565
1975	4,108	3,698	1985	7,407	6,146
1976	4,442	3,904	1986	8,087	6,445
1977	4,755	4,024	1987*	8,440	n.a.

n.a. = not available.
*Preliminary.
Sources: Federal Home Loan Bank Board; National Council of Savings Institutions.

10. NET NEW SAVINGS FLOWS AT FSLIC-INSURED INSTITUTIONS
(MILLIONS OF DOLLARS)

Quarter	Net New Savings	Net New Retail Savings†	Quarter	Net New Savings	Net New Retail Savings†
1976			1982		
1st Q	$12,514	n.a.	1st Q	$- 661	$- 3,392
2nd Q	6,771	$ 6,589	2nd Q	- 8,152	- 9,748
3rd Q	7,200	6,348	3rd Q	- 4,457	- 6,481
4th Q	7,884	7,703	4th Q	6,845	4,912
1977			1983		
1st Q	11,734	11,462	1st Q	28,958	29,248
2nd Q	7,391	6,553	2nd Q	10,905	3,353
3rd Q	8,210	7,425	3rd Q	14,406	359
4th Q	4,669	4,281	4th Q	8,955	5,610
1978			1984		
1st Q	7,542	5,848	1st Q	17,670	8,638
2nd Q	4,290	2,589	2nd Q	14,466	1,548
3rd Q	6,487	5,292	3rd Q	8,843	1,424
4th Q	5,141	4,460	4th Q	15,892	9,263
1979			1985		
1st Q	10,103	8,349	1st Q	2,348	3,797
2nd Q	1,606	- 1,791	2nd Q	- 617	4,177
3rd Q	1,974	- 1,530	3rd Q	- 4,519	- 3,873
4th Q	1,346	- 3,089	4th Q	- 1,634	- 2,948
1980			1986		
1st Q	1,550	- 1,844	1st Q	5,717	1,079
2nd Q	799	- 2,153	2nd Q	- 3,895	- 4,544
3rd Q	2,252	- 454	3rd Q	- 1,069	- 1,965
4th Q	6,066	2,521	4th Q	- 4,023	- 5,980
1981			1987		
1st Q	- 659	- 1,799	1st Q	- 8,235	- 4,685
2nd Q	-10,467	-12,701	2nd Q	- 7,130	- 7,586
3rd Q	-12,627	-15,501	3rd Q	1,646	- 4,083
4th Q	- 1,652	- 2,994	4th Q	11,718	6,658

n.a. = not available.
†Net new savings gains excluding increase in $100,000-minimum certificates; beginning in 1985, excluding increase in certificates of more than $100,000.
Source: Federal Home Loan Bank Board.

11. INDIVIDUAL RETIREMENT ACCOUNT ASSETS
(DOLLAR AMOUNTS IN BILLIONS)

Financial Intermediary	Year-end 1986 Amount	Year-end 1986 Percentage	Year-end 1987 Amount	Year-end 1987 Percentage
Savings Institutions	$ 69.0	24.9%	$ 77.1	23.1%
Commercial Banks	67.0	24.2	77.0	23.1
Mutual Funds	53.7	19.4	72.2	21.6
Brokerage Industry (self-directed)	44.9	16.2	58.9	17.6
Life Insurance Companies	22.0	7.9	26.0	7.8
Credit Unions	20.5	7.4	22.6	6.8
Total IRA Assets	$277.1	100.0%	$333.8	100.0%

Note: Components may not add to totals due to rounding.
Source: Investment Company Institute.

Mortgage Lending Data

12. GROWTH IN SELECTED TYPES OF CREDIT
(BILLIONS OF DOLLARS)

Type of Credit	1960	1987*	Increase
Total Credit Outstanding	$778.7	$10,374.0	$9,595.3
Residential Mortgage Loans:			
One- to Four-family Homes	141.9	1,880.0	1,738.1
Apartments	20.3	270.2	249.9
Total	162.2	2,150.2	1,988.0
Corporate and Foreign Bonds	90.2	1,202.3	1,112.1
State and Local Government Obligations	70.8	528.0	457.2
Consumer Credit	65.1	753.1	688.0
Mortgages on Commercial Properties	32.4	623.7	591.3
Federal Debt	243.1	2,927.0	2,683.9

Note: Components may not add to totals due to rounding.
*Preliminary.
Sources: Federal Reserve Board; United States League of Savings Institutions.

13. MORTGAGE LOANS OUTSTANDING, BY TYPE OF PROPERTY
(BILLIONS OF DOLLARS)

Year-end	Residential Properties			Commercial Properties	Farm Properties	All Properties
	One- to Four-family	Multi-family	Total			
1960	$ 141.9	$ 20.3	$ 162.2	$ 32.4	$ 12.8	$ 207.5
1965	218.3	38.2	256.5	55.5	21.2	333.2
1970	294.4	60.1	354.5	85.6	30.3	470.4
1971	320.9	70.1	391.0	95.9	32.2	519.0
1972	360.3	82.8	443.1	112.7	35.1	590.9
1973	403.3	93.1	496.4	131.7	39.5	667.6
1974	437.4	100.0	537.4	146.9	44.7	729.0
1975	476.9	100.6	577.5	159.3	49.7	786.6
1976	539.5	105.7	645.2	171.2	55.3	871.6
1977	632.7	114.0	746.7	189.7	63.5	999.9
1978	742.8	124.9	867.7	211.8	71.6	1,151.1
1979	861.0	134.9	995.9	236.3	85.6	1,317.7
1980	955.2	142.3	1,097.5	255.5	95.8	1,448.8
1981	1,032.1	142.1	1,174.2	277.5	105.8	1,557.6
1982	1,074.7	145.8	1,220.5	300.8	110.0	1,631.3
1983	1,191.4	159.9	1,351.3	351.0	112.6	1,814.9
1984	1,320.5	184.8	1,505.3	418.4	111.6	2,035.2
1985	1,469.6	213.5	1,683.1	480.4	105.7	2,269.2
1986	1,667.4	246.3	1,913.7	554.0	96.8	2,564.5
1987*	1,880.0	270.2	2,150.2	623.7	90.7	2,864.6

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Federal Reserve Board.

14. MORTGAGE LOANS OUTSTANDING, BY TYPE OF PROPERTY AND LENDER, YEAR-END 1987*

(BILLIONS OF DOLLARS)

Lender	Residential Properties			Commercial Properties	Farm Properties	Total Mortgage Loans
	One- to Four-family	Multifamily	Total			
Savings Associations	$ 515.8	$ 85.4	$ 601.2	$ 98.7	$ 0.5	$ 700.4
Savings Banks	90.5	19.2	109.7	29.2	0.1	139.0
Savings Institutions	$ 606.3	$104.6	$ 710.9	$127.9	$ 0.6	$ 839.4
Commercial Banks	270.2	34.4	304.6	265.6	14.6	584.9
Life Insurance Companies	13.1	22.0	35.1	164.7	9.9	209.7
All Others	990.4	109.2	1,099.6	65.5	65.6	1,230.6
Total	$1,880.0	$270.2	$2,150.2	$623.7	$90.7	$2,864.6

Note: Components may not add to totals due to rounding.
*Preliminary.
Sources: Federal Home Loan Bank Board; Federal Reserve Board.

15. RESIDENTIAL MORTGAGE LOANS OUTSTANDING AND SAVINGS INSTITUTIONS' SHARE, 1987*

(DOLLAR AMOUNTS IN BILLIONS)

Item	One- to Four-family		Multifamily		Total Residential	
	Year-end Total	1987 Increase	Year-end Total	1987 Increase	Year-end Total	1987 Increase
Savings Associations	$ 515.8	$ 30.2	$ 85.4	$ 5.0	$ 601.2	$ 35.2
Savings Banks	90.5	8.5	19.2	3.2	109.7	11.7
Savings Institutions	$ 606.3	$ 38.7	$104.6	$ 8.2	$ 710.9	$ 46.9
All Lenders	1,880.0	212.6	270.2	23.9	2,150.2	236.5
All Private Lenders†	1,102.5	80.2	234.3	19.6	1,336.8	99.8
	Percentage Share of Market					
Total Market						
Savings Associations	27.4%	14.2%	31.6%	20.9%	28.0%	14.9%
Savings Banks	4.8	4.0	7.1	13.4	5.1	4.9
Savings Institutions	32.3%	18.2%	38.7%	34.3%	33.1%	19.8%
Private Market†						
Savings Associations	46.8%	37.7%	36.4%	25.5%	45.0%	35.3%
Savings Banks	8.2	10.6	8.2	16.3	8.2	11.7
Savings Institutions	55.0%	48.3%	44.6%	41.8%	53.2%	47.0%

Note: Components may not add to totals due to rounding.
*Preliminary.
†Excludes holdings of federal agencies, the U.S. government and mortgage pools.
Sources: Federal Home Loan Bank Board; Federal Reserve Board.

16. ANNUAL CHANGE IN AGENCY-SUPPORTED RESIDENTIAL DEBT
(DOLLAR AMOUNTS IN MILLIONS)

Year	FNMA and GNMA Holdings	FHLMC Holdings	FHLB Advances	Total Agency Support	All Residential Debt	Agency Support as a % of All Residential Debt
1960	$ 759		$ – 153	$ 606	$ 12,600	4.8%
1965	– 42		672	630	20,800	3.0
1970	4,911	$ 325	1,326	6,562	21,100	31.1
1971	2,395	643	– 2,679	359	36,500	1.0
1972	1,801	820	43	2,664	52,100	5.1
1973	3,300	816	7,168	11,284	53,300	21.2
1974	6,222	1,982	6,657	14,861	41,000	36.2
1975	4,838	401	– 3,959	1,280	40,100	3.2
1976	– 2,117	– 718	– 1,983	– 4,818	67,700	– 7.1
1977	884	– 1,002	4,311	4,193	101,500	4.1
1978	8,791	– 176	12,497	21,112	121,000	17.4
1979	8,123	961	9,168	18,252	128,200	14.2
1980	7,026	1,004	7,125	15,155	101,600	14.9
1981	4,208	181	16,231	20,620	76,700	26.9
1982	9,864	– 504	807	10,167	46,300	22.0
1983	5,610	2,899	– 7,023	1,486	130,800	1.1
1984	8,590	2,767	15,638	26,995	154,000	17.5
1985	9,514	3,623	14,219	27,356	177,800	15.4
1986	– 971	– 2,458	19,810	16,381	230,600	7.1
1987*	– 1,680	1,346	24,413	24,079	236,500	10.2

*Preliminary.
Sources: Federal Home Loan Bank Board; Federal Home Loan Mortgage Corporation; Federal National Mortgage Association; Federal Reserve Board; Government National Mortgage Association.

17. ONE- TO FOUR-FAMILY MORTGAGE LOANS OUTSTANDING, BY LENDER
(BILLIONS OF DOLLARS)

Year-end	Savings Associations	Savings Banks	Commercial Banks	Life Insurance Companies	Federally Supported Agencies†	All Others	Total
1960	$ 55.4	$20.6	$ 19.2	$24.9	$ 7.1	$ 14.7	$ 141.9
1965	92.0	33.8	30.4	29.6	6.6	25.9	218.3
1970	121.9	42.1	42.3	26.7	24.7	36.7	294.4
1971	136.6	43.4	48.0	24.6	30.5	37.8	320.9
1972	160.2	46.2	57.0	22.3	36.1	38.5	360.3
1973	182.4	48.8	68.0	20.4	41.9	41.8	403.3
1974	197.7	49.2	74.8	19.0	52.0	44.7	437.4
1975	218.8	50.0	77.0	17.6	65.9	47.6	476.9
1976	254.0	53.1	86.2	16.1	77.6	52.5	539.5
1977	300.8	58.1	105.1	14.7	96.3	57.7	632.7
1978	345.4	63.3	129.2	14.4	119.6	70.9	742.8
1979	384.8	66.1	149.5	16.1	154.1	90.4	861.0
1980	411.0	67.5	160.4	17.9	183.2	115.2	955.2
1981	426.8	68.2	170.3	17.2	209.7	139.9	1,032.1
1982	392.2	64.2	173.8	16.8	270.7	157.0	1,074.7
1983	414.3	69.1	182.5	15.3	346.1	164.1	1,191.4
1984	459.7	71.5	196.2	14.1	401.4	177.6	1,320.5
1985	485.8	75.9	213.4	12.4	492.5	189.6	1,469.6
1986	485.6	82.0	235.8	12.8	645.1	206.1	1,667.4
1987*	515.8	90.5	270.2	13.1	777.5	212.9	1,880.0

*Preliminary.
†Includes mortgage pools.
Source: Federal Reserve Board.

18. MULTIFAMILY MORTGAGE LOANS OUTSTANDING, BY LENDER
(BILLIONS OF DOLLARS)

Year-end	Savings Associations	Savings Banks	Commercial Banks	Life Insurance Companies	All Others	Total
1960	$ 2.2	$ 3.7	$ 1.1	$ 3.9	$ 9.4	$ 20.3
1965	8.1	6.3	2.0	8.8	13.0	38.2
1970	13.8	7.8	3.3	16.0	19.2	60.1
1971	17.6	9.6	4.0	16.7	22.2	70.1
1972	21.1	10.9	5.8	17.3	27.7	82.8
1973	22.8	12.3	6.9	18.5	32.6	93.1
1974	23.8	12.9	7.6	19.6	36.1	100.0
1975	25.5	13.8	5.9	19.6	35.8	100.6
1976	28.4	14.2	8.1	19.2	35.8	105.7
1977	32.5	15.0	9.2	18.8	38.5	114.0
1978	36.1	15.9	10.3	19.0	43.6	124.9
1979	37.6	16.6	11.2	19.2	50.3	134.9
1980	38.1	16.1	12.9	19.5	55.7	142.3
1981	37.7	16.0	15.0	19.3	54.1	142.1
1982	38.9	14.7	16.5	18.9	56.8	145.8
1983	47.8	12.7	18.4	19.1	61.9	159.9
1984	61.5	13.2	20.3	18.9	70.9	184.8
1985	74.6	14.5	23.4	19.9	81.1	213.5
1986	80.4	16.0	31.2	20.8	97.9	246.3
1987*	85.4	19.2	34.4	22.0	109.2	270.2

*Preliminary.
Source: Federal Reserve Board.

19. LONG-TERM INTEREST RATES

Year	Conventional Loans on New Homes, Effective Interest Rate	New Aaa Utility Issues Yield	Corporate Aaa Bond Yield	Spread between Conventional Loan Rate and Utilities Yield	Spread between Conventional Loan Rate and Corporate Bond Yield
1965	5.81%	4.50%	4.49%	1.31%	1.32%
1970	8.45	8.68	8.04	−0.23	0.41
1971	7.74	7.62	7.39	0.12	0.35
1972	7.60	7.31	7.21	0.29	0.39
1973	7.96†	7.74	7.44	0.22	0.52
1974	8.92	9.33	8.57	−0.41	0.35
1975	9.00	9.40	8.83	−0.40	0.17
1976	9.00	8.48	8.43	0.52	0.57
1977	9.02	8.19	8.02	0.83	1.00
1978	9.56	8.96	8.73	0.60	0.83
1979	10.78	10.03	9.63	0.75	1.15
1980	12.66	12.74	11.94	−0.08	0.72
1981	14.70	16.63‡	14.17	−1.93	0.53
1982	15.14	15.49	13.79	−0.35	1.35
1983	12.57	12.73	12.04	−0.16	0.53
1984	12.38	13.81	12.71	−1.43	−0.33
1985	11.55	12.06	11.37	−0.51	0.18
1986	10.17	9.61	9.02	0.56	1.15
1987	9.31	9.95	9.38	−0.64	−0.07

†New series.
‡ New series, A-rated.
Sources: Federal Home Loan Bank Board; Federal Reserve Board; Moody's Investors Service.

20. EFFECTIVE INTEREST RATES ON CONVENTIONAL HOME MORTGAGE LOANS CLOSED

Month	All Major Lenders		Savings Associations		Savings Banks	
	Fixed Rate Loans	Adjustable Rate Loans	All Home Loans	% with Adjustable Rate	All Home Loans	% with Adjustable Rate
1986:						
January	11.41%	10.17%	10.85%	53%	10.50%	83%
February	11.24	10.14	10.70	49	10.74	60
March	10.87	9.97	10.56	37	10.55	48
April	10.56	9.87	10.30	35	10.64	35
May	10.33	9.76	10.19	30	10.27	57
June	10.38	9.48	10.20	26	10.01	39
July	10.51	9.47	10.27	27	10.26	37
August	10.58	9.40	10.20	34	10.22	35
September	10.47	9.25	10.04	40	10.19	34
October	10.39	9.07	9.89	42	10.01	39
November	10.28	8.87	9.74	42	9.78	44
December	10.13	8.81	9.57	46	9.57	51
1987:						
January	9.81	8.83	9.50	42	9.11	68
February	9.50	8.54	9.12	46	8.97	65
March	9.35	8.36	9.08	38	8.81	64
April	9.32	8.36	9.02	35	8.75	61
May	9.61	8.43	9.11	37	8.76	65
June	9.99	8.37	9.21	46	8.87	62
July	10.29	8.51	9.24	58	9.21	65
August	10.30	8.51	9.17	63	9.08	67
September	10.26	8.45	9.18	63	8.61	84
October	10.45	8.46	9.10	68	8.57	83
November	10.57	8.59	9.10	74	8.73	84
December	10.43	8.67	9.13	78	8.87	88

Source: Federal Home Loan Bank Board.

21. TERMS ON CONVENTIONAL MORTGAGE LOANS

Item	Dec. 1984	Dec. 1985	Dec. 1986	Dec. 1987
New Single-family Homes:				
Contract interest rate	12.05%	10.47%	9.28%	8.78%
Loan fees	2.65%	2.59%	2.46%	2.22%
Maturity in years	28.00	26.70	27.40	28.20
Loan-to-price ratio	77.90%	75.00%	76.40%	74.90%
Average purchase price	$102,600	$111,500	$124,800	$147,300
Existing Single-family Homes:				
Contract interest rate	12.26%	10.70%	9.29%	8.86%
Loan fees	2.62%	2.34%	2.11%	2.05%
Maturity in years	26.10	25.50	26.70	28.00
Loan-to-price ratio	76.10%	74.80%	74.70%	76.90%
Average purchase price	$ 84,300	$100,800	$116,100	$118,200

Source: Federal Home Loan Bank Board.

22. PRIVATE AND GOVERNMENT MORTGAGE INSURANCE
(DOLLAR AMOUNTS IN BILLIONS)

Year-end	Private Mortgage Insurance	One- to Four-family FHA/VA Insurance	Insurance as a % of Home Mortgage Debt	Year-end	Private Mortgage Insurance	One- to Four-family FHA/VA Insurance	Insurance as a % of Home Mortgage Debt
1960	$ 0.3	$ 56.4	40.0%	1978	$ 80.5	$153.4	31.0%
1965	3.3	73.1	34.6	1979	95.2	172.9	30.8
1970	7.3	97.3	35.2	1980	105.3	195.2	31.2
1971	9.6	105.2	35.2	1981	114.3	207.6	31.0
1972	17.5	113.0	35.6	1982	124.2	217.9	31.8
1973	27.4	116.2	35.2	1983	148.0	248.8	33.4
1974	33.6	121.3	35.1	1984	192.0	265.9	34.7
1975	40.0	127.7	34.8	1985	223.7	288.8	34.9
1976	49.3	133.5	33.5	1986	230.3	328.9	33.6
1977	62.8	141.6	31.8	1987*	224.2	n.a.	n.a.

n.a. = not available.
*Preliminary.
Sources: Department of Housing and Urban Development; Federal Housing Administration; Federal Reserve Board; Mortgage Insurance Companies of America; Veterans Administration.

23. MORTGAGE FORECLOSURES BY ALL LENDERS†

Year-end	All Mortgage Loans	Conventional Loans	FHA Loans‡	VA Loans
1965	0.40%	0.08%	0.50%	0.40%
1970	0.33	0.08	0.47	0.25
1971	0.46	0.07	0.68	0.30
1972	0.48	0.07	0.75	0.34
1973	n.a.	n.a.	n.a.	n.a.
1974	0.50	0.15	0.57	0.40
1975	0.38	0.16	0.46	0.36
1976	0.40	0.18	0.48	0.41
1977	0.37	0.15	0.46	0.39
1978	0.31	0.13	0.42	0.32
1979	0.29	0.10	0.44	0.38
1980	0.38	0.17	0.53	0.46
1981	0.44	0.24	0.57	0.55
1982	0.67	0.39	0.88	0.76
1983	0.67	0.46	0.84	0.76
1984	0.73	0.47	0.98	0.82
1985	0.81	0.61	1.01	0.88
1986	0.98	0.69	1.22	1.14
1987	1.06	0.67	1.44	1.28

n.a. = not available.
†Percentage of loans in the foreclosure process.
‡For 1974-1978, FHA loans exclude sections 235 and 237 loans.
Source: Mortgage Bankers Association of America.

24. MORTGAGE FORECLOSURES BY FSLIC-INSURED INSTITUTIONS

Year	Number	Rate†	Year	Number	Rate†
1965	53,788	.570%	1979	16,767	.108%
1970	19,493	.186	1980	20,276	.129
1971	20,464	.189	1981	29,114	.184
1972	22,958	.199	1982	51,196	.330
1973	25,275	.208	1983	62,488	.408
1974	24,230	.192	1984	57,022	.367
1975	24,979	.195	1985	75,142	.331
1976	22,542	.168	1986	90,874	.628
1977	19,900	.141	1987	n.a.	n.a.
1978	17,502	.117			

n.a. = not available.
†Percentage of average number of loans held.
Source: Federal Home Loan Bank Board.

25. MORTGAGE PORTFOLIO AND NUMBER OF LOANS AT ALL SAVINGS INSTITUTIONS

	All Savings Associations†			All Savings Banks		
Year-end	Total Mortgages (Millions)	Number of Loans (Thousands)	Average Loan Balance	Total Mortgages (Millions)	Number of Loans (Thousands)	Average Loan Balance
1960	$ 60,070	7,567	$ 7,938	$ 26,935	2,482	$10,850
1965	110,306	9,982	11,051	44,617	3,380	13,199
1970	150,331	10,951	13,728	57,948	3,711	15,616
1971	174,250	11,483	15,175	61,978	3,731	16,613
1972	206,182	12,223	16,869	67,556	3,769	17,922
1973	231,733	12,821	18,075	73,230	3,776	19,391
1974	249,301	12,912	19,308	74,920	3,686	20,324
1975	278,590	13,446	20,719	77,249	3,659	21,110
1976	323,005	13,933	23,183	81,639	3,635	22,459
1977	381,163	14,873	25,627	88,195	3,672	24,019
1978	432,808	15,480	27,960	95,157	3,699	25,726
1979	475,688	15,809	30,090	98,908	3,637	27,193
1980	502,812	16,059	31,311	99,865	3,570	27,977
1981	518,547	16,088	32,231	99,997	3,504	28,538
1982	483,614	15,017	32,204	94,091	3,259	28,867
1983	533,487	15,800	33,764	97,347	n.a.	n.a.
1984	612,720	15,330	39,969	103,547	n.a.	n.a.
1985	671,266	15,442	43,470	110,448	n.a.	n.a.
1986	665,541	13,684	48,638	118,371	n.a.	n.a.
1987*	700,437	n.a.	n.a.	139,000	n.a.	n.a.

n.a. = not available.
*Preliminary.
†Beginning in 1983, includes FSLIC-insured federal savings banks.
Sources: Federal Home Loan Bank Board; National Council of Savings Institutions; United States League of Savings Institutions.

26. PURCHASES AND SALES OF MORTGAGE LOANS, BY LENDER
(MILLIONS OF DOLLARS)

Year	Savings Associations†	Savings Banks	Commercial Banks	Mortgage Companies	Federal Credit Agencies	Mortgage Pools	All Others	Total
				Purchases				
1970	$ 3,694	$1,809	$ 818	$ 60	$ 5,687	$ 2,726	$ 1,612	$ 16,406
1971	7,508	2,433	1,312	415	4,243	4,554	1,203	21,668
1972	10,550	3,222	1,236	1,462	5,553	5,882	1,400	29,305
1973	7,019	2,517	1,176	1,396	8,371	5,007	2,081	27,567
1974	5,865	1,521	1,112	899	10,151	7,485	1,906	28,939
1975	8,471	1,751	431	820	12,526	12,829	1,776	38,604
1976	13,088	2,581	1,022	2,239	10,738	17,855	1,164	48,687
1977	14,791	3,409	2,216	4,236	11,363	26,015	1,974	64,004
1978	11,188	3,244	2,046	4,004	21,884	26,733	4,768	72,867
1979	12,235	2,891	2,410	5,856	17,864	33,423	7,076	81,755
1980	13,189	1,212	4,902	3,445	16,333	29,355	9,708	78,144
1981	10,596	371	4,150	4,708	14,221	24,110	7,961	66,117
1982	23,724	1,531	3,270	4,953	20,021	59,329	5,793	118,621
1983	44,966	2,748	5,107	13,174	26,923	88,122	8,816	189,856
1984	64,623	3,175	8,133	11,205	26,785	68,218	8,037	190,176
1985	64,992	2,934	11,953	20,944	32,953	114,294	9,604	257,674
1986	71,255	3,385	42,779	55,230	39,530	260,435	25,280	497,894
1987*	64,608	3,454	58,192	50,088	25,181	230,566	30,214	462,303
				Sales				
1970	$ 996	$ 283	$ 1,965	$ 12,509	$ 2,587	$ 331	$ 262	$ 18,933
1971	2,013	270	2,262	15,777	2,464	438	675	23,899
1972	3,582	341	2,727	17,831	4,791	323	1,052	30,647
1973	3,416	266	2,723	17,727	5,180	656	427	30,395
1974	3,527	376	2,430	16,164	3,794	1,132	139	27,562
1975	5,234	269	3,386	16,324	8,694	871	512	35,290
1976	8,641	548	4,792	19,144	12,842	850	248	47,065
1977	14,124	284	6,844	33,457	10,092	1,916	757	67,474
1978	15,775	352	7,638	42,602	13,270	2,505	673	82,815
1979	18,667	577	7,733	51,325	9,957	1,279	615	90,153
1980	16,140	782	8,403	36,987	10,463	4,059	295	77,129
1981	12,832	484	5,458	30,492	11,683	3,829	464	65,242
1982	54,446	2,218	8,298	30,893	12,697	4,321	415	113,288
1983	54,194	3,211	15,419	70,362	13,674	5,410	1,140	163,410
1984	64,097	3,374	13,610	56,571	12,244	6,044	2,768	158,708
1985	103,217	6,001	19,173	78,009	7,960	5,535	4,367	224,262
1986	164,585	12,998	40,074	181,155	15,943	1,422	2,280	418,457
1987*	123,579	12,868	52,558	166,478	7,240	278	2,330	365,331

*Preliminary.
†Includes federal savings banks insured by the FSLIC.
Source: Department of Housing and Urban Development.

27. MORTGAGE LENDING ACTIVITY OF FSLIC-INSURED INSTITUTIONS[1]
(DOLLAR AMOUNTS IN MILLIONS)

Year	Loans Outstanding at Year-end[2]	Total Loans Acquired	Total Portfolio Inflows[3]	Turnover Ratio[4]
1960	$ 56,812	$ 14,653	$ 7,811	14.6%
1965	106,333	25,694	16,955	16.6
1970	146,043	24,505	14,355	10.2
1971	169,568	45,869	22,351	14.2
1972	200,876	60,636	29,305	15.8
1973	226,155	55,422	30,109	14.1
1974	243,554	43,962	26,735	11.4
1975	272,456	62,343	33,434	13.0
1976	316,332	101,489	47,482	16.1
1977	374,089	135,873	64,751	18.8
1978	424,969	136,791	70,320	17.6
1979	467,262	126,785	71,015	15.9
1980	494,914	98,115	59,195	12.3
1981	512,870	72,551	50,046	9.9
1982	477,009	83,857	95,982	[5]
1983	521,308	196,878	126,742	25.4
1984	599,021	245,463	145,274	25.9
1985	649,848	259,111	207,415	33.2
1986	655,652	334,570	331,967	50.9
1987*	683,289	316,770	270,955	40.5

*Preliminary.
[1]Beginning with 1984, includes federal savings banks insured by the FSLIC.
[2]Beginning with 1982, excludes certain balances that had been reported as liabilities.
[3]Repayments plus sales of loans and participations.
[4]Total inflows as a percentage of average mortgage portfolio.
[5]Not available on a comparable basis.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

28. MORTGAGE LENDING ACTIVITY OF ALL SAVINGS BANKS[1]
(DOLLAR AMOUNTS IN MILLIONS)

Year	Loans Outstanding at Year-end	Total Loans Acquired	Total Portfolio Inflows[2]	Turnover Ratio[3]
1970	$ 57,948	$ 6,862	$ 4,283	7.5%
1971	61,978	10,647	6,005	10.0
1972	67,556	14,018	7,754	12.0
1973	73,230	14,630	7,463	10.6
1974	74,920	9,633	6,575	8.9
1975	77,249	9,929	6,513	8.6
1976	81,639	13,228	7,747	9.7
1977	88,195	16,896	8,935	10.5
1978	95,157	17,569	9,727	10.6
1979	98,908	16,154	8,957	9.2
1980	99,865	9,986	7,494	7.5
1981	99,997	7,752	8,695	8.7
1982	94,091	8,601	10,795	11.1
1983	97,347	19,772	17,468	18.2
1984	103,547	24,853	18,043	18.0
1985	110,448	29,599	24,762	23.1
1986	118,371	47,647	33,920	29.6
1987*	139,000	56,157	33,040	25.7

*Preliminary.
[1]Beginning with 1984, excludes federal savings banks insured by the FSLIC.
[2]Repayments plus sales of loans and participations.
[3]Total inflows as a percentage of average mortgage portfolio.
Sources: Department of Housing and Urban Development; Federal Reserve Board.

29. MORTGAGE LOANS ACQUIRED BY FSLIC-INSURED INSTITUTIONS†
(DOLLAR AMOUNTS IN MILLIONS)

Year	Loans Closed	Loans and Participations Purchased	Total Loans Acquired	Purchases as a % of Total Loans Acquired
1960	$ 13,802	$ 851	$ 14,653	5.8%
1965	23,309	2,385	25,694	9.3
1970	20,760	3,745	24,505	15.3
1971	38,341	7,528	45,869	16.4
1972	50,024	10,612	60,636	17.5
1973	48,193	7,229	55,422	13.0
1974	38,059	5,903	43,962	13.4
1975	53,799	8,544	62,343	13.7
1976	88,691‡	12,798	101,489	12.6
1977	121,375	14,498	135,873	10.7
1978	125,809	10,982	136,791	8.0
1979	114,782	12,003	126,785	9.5
1980	85,160	12,955	98,115	13.2
1981	62,035	10,516	72,551	14.5
1982	60,544	23,313	83,857	27.8
1983	151,073	45,805	196,878	23.3
1984	181,302	64,161	245,463	26.1
1985	196,731	62,380	259,111	24.1
1986	265,513	69,057	334,570	20.6
1987*	252,752	64,018	316,770	20.2

*Preliminary.
†Beginning with 1984, includes federal savings banks insured by the FSLIC.
‡New series. All activity reported on a gross basis including refinancings and combination construction-purchase loans.
Source: Federal Home Loan Bank Board.

30. MORTGAGE LOANS ACQUIRED BY ALL SAVINGS BANKS†
(DOLLAR AMOUNTS IN MILLIONS)

Year	Loans Closed	Loans and Participations Purchased	Total Loans Acquired	Purchases as a % of Total Loans Acquired
1970	$ 5,053	$1,809	$ 6,862	26.4%
1971	8,214	2,433	10,647	22.9
1972	10,796	3,222	14,018	23.0
1973	12,113	2,517	14,630	17.2
1974	8,112	1,521	9,633	15.8
1975	8,178	1,751	9,929	17.6
1976	10,647	2,581	13,228	19.5
1977	13,487	3,409	16,896	20.2
1978	14,325	3,244	17,569	18.5
1979	13,263	2,891	16,154	17.9
1980	8,774	1,212	9,986	12.1
1981	7,381	371	7,752	4.8
1982	7,070	1,531	8,601	17.8
1983	17,024	2,748	19,772	13.9
1984	21,678	3,175	24,853	12.8
1985	26,665	2,934	29,599	9.9
1986	44,262	3,385	47,647	7.1
1987*	52,703	3,454	56,157	6.2

*Preliminary.
†Beginning with 1984, excludes federal savings banks insured by the FSLIC.
Source: Department of Housing and Urban Development.

31. MORTGAGE PORTFOLIO INFLOWS AT FSLIC-INSURED INSTITUTIONS†
(DOLLAR AMOUNTS IN MILLIONS)

Year	Cash Loan Repayments‡	Loans and Participations Sold	Total Inflows	Sales as a Percentage of Total Inflows
1970	$ 13,247	$ 1,108	$ 14,355	7.7%
1971	20,186	2,165	22,351	9.7
1972	25,591	3,714	29,305	12.7
1973	26,652	3,457	30,109	11.5
1974	23,231	3,504	26,735	13.1
1975	28,230	5,204	33,434	15.6
1976	39,033	8,449	47,482	17.8
1977	50,905	13,846	64,751	21.4
1978	54,835	15,485	70,320	22.0
1979	52,686	18,329	71,015	25.8
1980	43,339	15,856	59,195	26.8
1981	37,433	12,613	50,046	25.2
1982	42,548	53,434	95,982	55.7
1983	71,342	55,400	126,742	43.7
1984	81,455	63,819	145,274	43.9
1985	108,538	98,877	207,415	47.7
1986	162,208	169,759	331,967	51.1
1987*	148,253	122,702	270,955	45.3

*Preliminary.
†Beginning with 1984, includes federal savings banks insured by the FSLIC.
‡For 1970-1978, includes miscellaneous credits and excludes debits for interest, taxes, insurance and miscellaneous charges.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

32. MORTGAGE PORTFOLIO INFLOWS AT ALL SAVINGS BANKS†
(DOLLAR AMOUNTS IN MILLIONS)

Year	Loan Repayments‡	Loans and Participations Sold	Total Inflows	Sales as a Percentage of Total Inflows
1970	$ 4,000	$ 283	$ 4,283	6.6%
1971	5,735	270	6,005	4.5
1972	7,413	341	7,754	4.4
1973	7,197	266	7,463	3.6
1974	6,199	376	6,575	5.7
1975	6,244	269	6,513	4.1
1976	7,199	548	7,747	7.1
1977	8,651	284	8,935	3.2
1978	9,375	352	9,727	3.6
1979	8,380	577	8,957	6.4
1980	6,712	782	7,494	10.4
1981	8,211	484	8,695	5.6
1982	8,577	2,218	10,795	20.5
1983	14,257	3,211	17,468	18.4
1984	14,669	3,374	18,043	18.7
1985	18,761	6,001	24,762	24.2
1986	20,922	12,998	33,920	38.3
1987*	20,172	12,868	33,040	38.9

*Preliminary.
†Beginning with 1984, excludes federal savings banks insured by the FSLIC.
‡For 1970-1980, excludes construction loan repayments.
Sources: Department of Housing and Urban Development; National Council of Savings Institutions.

33. MORTGAGE LOANS MADE BY FSLIC-INSURED INSTITUTIONS, BY PURPOSE OF LOAN

(MILLIONS OF DOLLARS)

Year	Home Construction	Home Purchase	All Other Purposes	Total
1960	$ 4,535	$ 5,882	$ 3,385	$ 13,802
1965	5,793	10,433	7,083	23,309
1970	4,028	9,940	6,792	20,760
1971	6,638	18,263	13,440	38,341
1972	8,322	25,899	15,803	50,024
1973	8,218	27,521	12,454	48,193
1974	6,348	22,109	9,593	38,050
1975	8,492	30,024	15,283	53,799
1976†	12,050	60,523	16,118	88,691
1977	16,982	84,600	19,793	121,375
1978	18,126	88,299	19,384	125,809
1979	16,107	81,318	17,357	114,782
1980	11,075	60,014	14,071	85,160
1981	7,770	41,265	13,000	62,035
1982	6,536	34,181	19,827	60,544
1983	13,840	83,821	53,412	151,073
1984	15,747	95,682	69,873	181,302
1985	17,449	107,777	71,505	196,731
1986	21,327	175,708	68,478	265,513
1987*	22,179	172,730	57,843	252,752

*Preliminary.
†New series. All activity reported on a gross basis including refinancings and combination construction-purchase loans.
Source: Federal Home Loan Bank Board.

34. ONE- TO FOUR-FAMILY HOMES FINANCED BY FSLIC-INSURED INSTITUTIONS

Year	Thousands of Homes†		
	New Homes	Existing Homes	Total
1960	367	584	951
1965	361	791	1,152
1970	155	527	682
1971	240	888	1,128
1972	277	1,144	1,421
1973	644	865	1,509
1974	464	639	1,103
1975	498	834	1,332
1976	667	1,090	1,757
1977	823	1,292	2,115
1978	811	1,195	2,006
1979	679	941	1,620
1980	459	567	1,026
1981	319	330	649
1982	235	265	500
1983	442	692	1,134
1984	537	1,207	1,744
1985	516	1,293	1,809
1986	544	1,990	2,534
1987	519	1,749	2,268

†Permanently financed new homes where the association did not make the construction loan were included in existing homes prior to 1973.
Sources: Federal Home Loan Bank Board; U.S. League of Savings Institutions.

35. MORTGAGE LOANS MADE BY FSLIC-INSURED INSTITUTIONS, BY PURPOSE OF LOAN

Item	Millions of Dollars		Distribution of Loans Closed	
	1986	1987*	1986	1987*
Construction Loans:				
One- to Four-family Homes	$ 21,327	$ 22,179	8.0%	8.8%
Apartments	7,498	6,244	2.8	2.5
Other Structures	10,816	8,461	4.1	3.3
Permanent Loans:				
New One- to Four-family Homes	$ 25,239	$27,919	9.5%	11.0%
Existing One- to Four-family Homes	150,469	144,811	56.7	57.3
One- to Four-family Homes	$175,708	$172,730	66.2%	68.3%
Apartments	19,805	17,594	7.5	7.0
Other Improved Real Estate	21,802	18,566	8.2	7.3
Loans for Other Purposes	8,557	6,980	3.2	2.8
Total Loans Closed	$265,513	$252,752	100.0%	100.0%

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Federal Home Loan Bank Board.

Housing Data

36. PRIVATE AND PUBLIC HOUSING STARTS

Year	Private Units	Public Units	Total Units
1960	1,252,200	43,900	1,296,100
1965	1,472,800	36,900	1,509,700
1970	1,433,600	35,400	1,469,000
1971	2,052,200	32,300	2,084,500
1972	2,356,600	21,900	2,378,500
1973	2,045,300	12,200	2,057,500
1974	1,337,700	14,800	1,352,500
1975	1,160,400	10,900	1,171,400
1976	1,537,500	10,100	1,547,600
1977	1,987,100	14,600	2,001,700
1978	2,020,300	15,800	2,036,100
1979	1,745,100	14,800	1,760,000
1980	1,292,200	20,400	1,312,600
1981	1,084,200	16,100	1,100,300
1982	1,062,200	9,800	1,072,100
1983	1,703,000	9,400	1,712,500
1984	1,749,500	6,300	1,755,800
1985	1,741,800	3,100	1,745,000
1986	1,805,400	1,700	1,807,100
1987*	1,620,800	2,200	1,623,000

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Bureau of the Census.

37. PRIVATE HOUSING STARTS, BY REGIONS
(THOUSANDS OF UNITS)

Year	North-east	North Central	South	West
1960	221	292	429	309
1965	270	362	575	266
1970	218	294	612	310
1971	264	434	869	486
1972	330	443	1,057	527
1973	277	440	899	429
1974	183	317	553	285
1975	149	294	442	275
1976	169	400	569	400
1977	202	465	783	538
1978	200	451	824	545
1979	178	349	748	470
1980	125	218	643	306
1981	117	165	562	240
1982	117	149	591	205
1983	168	218	935	382
1984	204	243	866	436
1985	252	240	782	468
1986	293	296	733	483
1987*	269	298	634	420

*Preliminary.
Source: Bureau of the Census.

38. PRIVATE HOUSING STARTS, BY MONTHS
(SEASONALLY ADJUSTED ANNUAL RATE)

Month	Thousands of Units		
	1985	1986	1987*
January	1,711	1,938	1,804
February	1,632	1,869	1,809
March	1,800	1,873	1,723
April	1,821	1,947	1,635
May	1,680	1,847	1,599
June	1,676	1,845	1,583
July	1,684	1,789	1,594
August	1,743	1,804	1,583
September	1,676	1,685	1,679
October	1,834	1,683	1,538
November	1,698	1,630	1,661
December	1,942	1,837	1,404

*Preliminary.
Source: Department of Commerce.

39. SUBSIDIZED HOUSING STARTS

Year	Subsidized Units Started	Percentage of Total Starts
1965	62,589	4.1%
1970	429,192	29.2
1971	430,001	20.6
1972	332,300	14.0
1973	181,381	8.8
1974	87,149	6.4
1975	85,876	7.3
1976	130,144	8.4
1977	201,644	10.1
1978	263,322	12.9
1979	257,661	14.6
1980	129,287	9.8
1981	60,151	5.5
1982	87,681	8.2
1983	40,940	2.4
1984	15,893	0.9
1985	10,238	0.6
1986	8,149	0.5
1987*	6,383	0.4

*Preliminary.
Sources: Bureau of the Census; Department of Housing and Urban Development.

40. PRIVATE HOUSING STARTS, BY NUMBER OF FAMILY UNITS

Year	One-family	Two-family	Three- and Four-family	Five or More	Total
1960	994,700	44,000	213,400		1,252,200
1965	963,700	50,800	35,800	422,500	1,472,800
1970	812,900	42,400	42,400	535,900	1,433,600
1971	1,151,000	55,100	65,200	780,900	2,052,200
1972	1,309,200	67,100	74,200	906,200	2,356,600
1973	1,132,000	54,200	64,100	795,000	2,045,300
1974	888,100	33,200	34,900	381,600	1,337,700
1975	892,200	34,500	29,500	204,300	1,160,400
1976	1,162,400	44,000	41,900	289,200	1,537,500
1977	1,450,900	60,700	61,000	414,400	1,987,100
1978	1,433,300	62,200	62,800	462,000	2,020,300
1979	1,194,100	56,100	65,900	429,000	1,745,100
1980	852,200	48,800	60,700	330,500	1,292,200
1981	705,400	38,200	52,900	287,700	1,084,200
1982	662,600	31,900	48,100	319,600	1,062,200
1983	1,067,600	41,800	71,700	522,000	1,703,000
1984	1,084,200	38,600	82,800	544,000	1,749,500
1985	1,072,400	37,000	56,400	576,100	1,741,800
1986	1,179,400	36,100	47,900	542,000	1,805,400
1987*	1,146,600	27,800	37,500	408,900	1,620,800

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Bureau of the Census.

41. PRIVATE STARTS OF APARTMENTS

Year	Number of Buildings†	Number of Units
1965	24,300	422,500
1970	31,700	535,900
1971	48,900	780,900
1972	56,800	906,200
1973	50,800	795,000
1974	25,500	381,600
1975	14,700	204,300
1976	21,600	289,200
1977	30,500	414,400
1978	31,700	462,000
1979	30,600	429,000
1980	22,600	330,500
1981	19,700	287,700
1982	21,800	319,600
1983	38,600	522,000
1984	40,300	544,000
1985	42,300	576,100
1986	39,200	542,000
1987*	30,000	408,900

*Preliminary.
†Apartment buildings with five or more units.
Source: Bureau of the Census.

42. MOBILE HOME SHIPMENTS

Year	Number of Units	% of Private Starts: Total	% of Private Starts: Single-family†
1960	103,700	8.3%	9.4%
1965	216,470	14.7	18.3
1970	401,190	28.0	33.0
1971	496,570	24.2	30.1
1972	575,940	24.4	30.6
1973	566,920	27.7	33.4
1974	329,300	24.6	27.0
1975	212,690	18.3	19.2
1976	246,120	16.0	17.5
1977	277,000	13.9	16.0
1978	275,900	13.7	16.1
1979	277,400	15.9	18.9
1980	221,600	17.1	20.6
1981	240,900	22.2	25.5
1982	239,600	22.6	26.6
1983	295,800	17.4	21.7
1984	295,700	16.9	21.4
1985	283,900	16.3	20.9
1986	244,300	13.5	17.2
1987*	232,800	14.4	16.9

*Preliminary.
†Single-family conventional homes and mobile homes.
Sources: Department of Commerce; Manufactured Housing Institute; National Conference of States on Building Codes and Standards.

43. NEW AND EXISTING ONE-FAMILY HOMES SOLD

Year	Number (Thousands)			Dollar Volume (Billions)			Median Price	
	New Homes	Existing Homes	Total Homes	New Homes†	Existing Homes	Total Homes	New Homes	Existing Homes
1970	485	1,612	2,097	$12.9	$ 41.4	$ 54.3	$ 23,400	$23,000
1971	656	2,018	2,674	18.6	56.5	75.1	25,200	24,800
1972	718	2,252	2,970	21.9	67.8	89.7	27,600	26,700
1973	634	2,334	2,968	22.5	76.8	99.3	32,500	28,900
1974	519	2,272	2,791	20.2	81.3	101.5	35,900	32,000
1975	549	2,476	3,025	23.4	96.6	120.0	39,300	35,300
1976	646	3,064	3,710	31.0	129.3	160.3	44,200	38,100
1977	819	3,650	4,469	44.4	174.8	219.2	48,800	42,900
1978	817	3,986	4,803	51.1	221.2	272.3	55,700	48,700
1979	709	3,827	4,536	50.9	245.7	296.6	62,900	55,700
1980	545	2,973	3,518	41.6	216.4	258.0	64,600	62,200
1981	436	2,419	2,855	36.2	189.4	225.6	68,900	66,400
1982	412	1,990	2,402	34.6	160.2	194.8	69,300	67,800
1983	623	2,719	3,342	55.9	225.9	281.8	75,300	70,300
1984	639	2,868	3,507	62.4	246.6	309.0	79,900	72,400
1985	688	3,214	3,902	69.4	291.9	361.3	84,300	75,500
1986	750	3,565	4,315	83.9	351.1	435.0	92,000	80,300
1987*	674	3,520	4,194	85.5	371.0	456.5	103,900	84,900

*Preliminary.
†Computed from number of homes sold and average sales price.
Sources: Bureau of the Census; National Association of Realtors.

44. NEW ONE-FAMILY HOMES SOLD, BY PRICE
(THOUSANDS)

Year	Less than $50,000	$50,000-59,999	$60,000-79,999	$80,000-99,999	$100,000-119,999	$120,000-149,999	$150,000 or More
1973	555	40		38			
1974	430	48		40			
1975	415	65		69			
1976	418	100		127			
1977	433	149	150	52	18	19	
1978	316	156	194	82	31	38	
1979	184	135	198	92	38	61	
1980	137	97	149	68	31	63	
1981	88	70	119	63	31	29	31
1982	67	68	130	61	26	26	34
1983	65	84	205	113	49	50	58
1984	47	75	199	126	57	59	75
1985	51	67	193	141	68	73	94
1986	87		182	165	92	83	140
1987*	62		122	138	84	100	168

*Preliminary.
Source: Bureau of the Census and Department of Housing and Urban Development.

45. INVENTORY OF UNSOLD SPECULATIVELY BUILT ONE-FAMILY HOMES AND NUMBER OF MONTHS REQUIRED TO CLEAR INVENTORY

(SEASONALLY ADJUSTED ANNUAL RATES)

Month	Unsold Homes (Thousands)			Months to Clear Inventory		
	1985	1986	1987*	1985	1986	1987*
January	355	353	358	6.8	5.9	6.2
February	358	351	358	6.5	5.9	6.1
March	356	338	358	6.3	4.5	6.0
April	357	337	359	6.7	4.4	5.8
May	357	338	355	6.5	5.3	6.8
June	354	340	359	6.0	5.7	6.8
July	351	350	359	5.6	6.1	6.6
August	349	352	361	5.9	7.0	6.6
September	349	355	361	6.3	5.9	6.9
October	353	357	360	6.3	6.3	6.6
November	353	353	363	5.9	6.2	6.9
December	346	357	366	5.8	5.8	7.4

*Preliminary.
Source: Bureau of the Census and Department of Housing and Urban Development.

46. NUMBER OF FAMILIES AND HOUSEHOLDS

Year†	Total (Thousands)			Annual Change (Thousands)		
	All Households	Families	Other Households	All Households	Families	Other Households
1960	52,799	45,111	7,688	1,364	879	485
1965	57,436	47,956	9,480	1,287	416	871
1970	63,401	51,586	11,815	1,187	763	424
1971	64,778	52,227	12,551	1,377	641	736
1972	66,676	53,296	13,380	1,898	1,069	829
1973	68,251	54,373	13,878	1,575	1,077	498
1974	69,859	55,053	14,806	1,608	680	928
1975	71,120	55,712	15,408	1,261	659	602
1976	72,867	56,245	16,622	1,747	533	1,214
1977	74,142	56,710	17,432	1,275	465	810
1978	76,030	57,215	18,815	1,888	505	1,383
1979	77,330	57,804	19,526	1,300	589	711
1980	80,776	59,550	21,226	3,446	1,746	1,700
1981	82,368	60,309	22,059	1,592	759	833
1982	83,527	61,019	22,508	1,159	710	449
1983	83,918	61,393	22,525	391	374	17
1984	85,290	61,997	23,293	1,372	604	768
1985	86,789	62,706	24,083	1,499	709	790
1986	88,453	63,558	24,900	1,669	852	817
1987	89,479	64,491	24,988	1,021	933	88

†As of March.
Source: Bureau of the Census.

47. HOMEOWNERSHIP RATES, 1890-1986

Year	Percentage Owned	Percentage Rented
1890	47.8%	52.2%
1900	46.7	53.3
1910	45.9	54.1
1920	45.6	54.4
1930	47.8	52.2
1940	43.6	56.4
1950	55.0	45.0
1960	61.9	38.1
1970	62.9	37.1
1980	65.6	34.4
1981	65.4	34.6
1982	64.8	35.2
1983	64.7	35.3
1984	64.5	35.5
1985	63.9	36.1
1986	63.8	36.2
1987	64.0	36.0

Source: Bureau of the Census.

48. APARTMENT ABSORPTION RATES†

Year	1st Q	2nd Q	3rd Q	4th Q
1970	69%	74%	77%	65%
1971	68	69	72	62
1972	61	73	69	67
1973	64	74	76	63
1974	67	73	72	60
1975	61	72	75	75
1976	79	86	79	78
1977	77	83	83	78
1978	79	84	83	81
1979	83	84	82	81
1980	72	79	76	70
1981	77	84	79	81
1982	76	79	73	61
1983	59	69	76	68
1984	68	72	64	64
1985	64	68	66	62
1986	65	66	71	61
1987	58	68	65	n.a.

n.a. = not available.
†Percentage of units rented within three months after completion.
Source: Bureau of the Census.

49. RENTAL AND HOMEOWNER VACANCY RATES

Year	Rental Units	Homeowner Units
1960	8.1%	1.3%
1965	8.3	1.5
1970	5.3	1.0
1971	5.4	1.0
1972	5.6	1.0
1973	5.8	1.0
1974	6.2	1.2
1975	6.0	1.2
1976	5.6	1.2
1977	5.2	1.2
1978	5.0	1.1
1979	5.4	1.1
1980	5.4	1.3
1981	5.0	1.4
1982	5.3	1.5
1983	5.7	1.5
1984	5.9	1.7
1985	6.5	1.7
1986	7.4	1.6
1987	7.7	1.7

Source: Bureau of the Census.

50. RESIDENTIAL CONSTRUCTION COSTS AND CONSUMER PRICES

Year	Boeckh Index†	Percentage Change: Residential Construction Costs	Percentage Change: Consumer Prices
1960	25.6	1.6%	1.6%
1965	28.3	3.2	1.7
1970	38.4	5.4	5.9
1971	41.6	8.3	4.3
1972	45.6	9.6	3.4
1973	49.8	9.2	6.2
1974	53.9	8.2	11.0
1975	57.5	6.7	9.1
1976	62.2	8.2	5.8
1977	67.8	9.0	6.5
1978	73.9	9.0	7.7
1979	80.7	9.2	11.3
1980	87.4	8.3	13.5
1981	92.2	5.5	10.4
1982	100.0	8.5	6.1
1983	105.9	5.9	3.2
1984	111.9	5.7	4.3
1985	115.1	2.9	3.6
1986	117.3	1.9	1.9
1987	119.7	2.0	3.7

†Boeckh Index of Residential Construction Costs; 1982 = 100.
Sources: E. H. Boeckh and Associates; Department of Labor.

51. ANNUAL DOLLAR VOLUME OF NEW CONSTRUCTION
(DOLLAR AMOUNTS IN BILLIONS)

Item	1983	1984	1985	1986	1987*
Gross National Product	$3,405.7	$3,772.2	$4,010.3	$4,235.0	$4,486.2
Private Domestic Investment	$ 502.3	$ 664.8	$ 641.6	$ 671.0	$ 716.4
Construction Expenditures:					
Total Private	$ 227.5	$ 271.0	$ 291.7	$ 316.6	$ 324.1
Total Public	53.8	57.7	64.3	72.2	75.4
Total Private and Public	$ 281.3	$ 328.6	$ 356.0	$ 388.8	$ 399.5
Total Private Residential	$ 125.5	$ 153.8	$ 158.5	$ 187.1	$ 198.1
Private Construction as a Percentage of Total Construction	80.9%	82.6%	81.9%	81.4%	81.1%
Private Residential Construction as a Percentage of:					
Gross National Product	3.7%	4.1%	4.0%	4.4%	4.4%
Private Domestic Investment	25.0	23.1	24.7	27.9	27.7
Total Private Construction	55.2	56.8	54.3	59.1	61.1
Total Private and Public Construction	44.6	46.9	44.5	48.1	49.6

Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Department of Commerce.

Savings Institution Operations Data

52. TOTAL ASSETS OF FINANCIAL INTERMEDIARIES AT YEAR-END (BILLIONS OF DOLLARS)

Financial Intermediary	1960	1970	1975	1980	1985	1987*
Commercial Banks	$257.6	$ 576.2	$ 964.9	$1,703.7	$2,483.8	$2,847.1
Savings Institutions:						
Savings Associations	71.5	176.2	338.2	629.8	1,080.6	1,262.0
Savings Banks	40.6	79.0	121.1	171.6	216.8	260.2
Total	112.1	255.2	459.3	801.4	1,297.4	1,522.2
Life Insurance Companies	119.6	207.3	289.3	479.2	825.9	1,052.2
Private Pension Funds	38.1	112.0	194.5	383.6	606.3	700.8
State and Local Pension Funds	19.7	60.3	104.8	198.1	404.7	529.3
Finance Companies	27.6	64.1	99.1	202.4	354.4	447.8
Money Market Funds	...	...	3.7	76.4	243.8	316.1
Investment Companies	17.0	47.6	42.2	58.4	251.7	453.8
Credit Unions	6.3	18.0	36.9	69.0	137.2	183.7
Total	$598.0	$1,340.7	$2,194.7	$3,972.2	$6,605.2	$8,053.0

*Preliminary.
Sources: CUNA International, Inc.; Federal Home Loan Bank Board; Federal Reserve Board; Institute of Life Insurance; Investment Company Institute; National Council of Savings Institutions; United States League of Savings Institutions.

53. DISTRIBUTION OF FSLIC-INSURED SAVINGS INSTITUTIONS, BY ASSET SIZE, DECEMBER 31, 1987

Asset Size (Millions)	Number of Institutions	Percentage of Total	Assets (Millions)	Percentage of Total
Under $25	341	10.8%	$ 5,422	0.4%
$ 25 and under $ 50	540	17.2	19,976	1.6
$ 50 and under $ 100	702	22.3	50,001	4.0
$ 100 and under $ 250	806	25.6	126,951	10.1
$ 250 and under $ 500	340	10.8	116,229	9.3
$ 500 and under $1,000	186	5.9	131,150	10.5
$1,000 and under $5,000	195	6.2	394,107	31.5
$5,000 and over	37	1.2	407,745	32.6
Total	3,147	100.0%	$1,251,582	100.0%

Note: Components may not add to totals due to rounding.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

54. PERMANENT STOCK SAVINGS INSTITUTIONS (DOLLAR AMOUNTS IN MILLIONS)

	December 31, 1985		December 31, 1986		December 31, 1987*	
	Number of Institutions	Total Assets	Number of Institutions	Total Assets	Number of Institutions	Total Assets
California	181	$240,580	189	$294,593	176	$333,437
Texas	220	80,663	224	83,603	221	85,012
Florida	89	51,773	99	53,560	100	54,168
Other States	597	228,562	677	290,556	775	399,461
Total	1,087	$601,578	1,189	$722,312	1,272	$872,078

*Preliminary.
Source: Federal Home Loan Bank Board.

55. NUMBER AND ASSETS OF ALL SAVINGS INSTITUTIONS, BY STATE, DECEMBER 31, 1987*

State	All Savings Associations		All Savings Banks		All Savings Institutions	
	Number of Associations	Total Assets (Millions)	Number of Banks	Total Assets (Millions)	Number of Institutions	Total Assets (Millions)
Alabama	27	$ 5,229	9	$ 3,740	36	$ 8,969
Alaska	3	315	3	481	6	796
Arizona	10	13,544	2	10,552	12	24,096
Arkansas	29	5,035	8	1,761	37	6,796
California	192	294,181	15	52,179	207	346,360
Colorado	30	10,155	6	4,595	36	14,750
Connecticut	23	10,442	65	33,026	88	43,468
Delaware	2	134	4	1,792	6	1,926
District of Columbia	4	3,199	2	1,227	6	4,426
Florida	128	78,253	29	5,523	[illegible]	83,776
Georgia	53	10,621	16	7,598	[illegible]	18,219
Guam	2	95	0	0	2	95
Hawaii	4	3,801	2	1,711	6	5,512
Idaho	6	845	1	84	7	929
Illinois	236	56,956	28	11,932	264	68,888
Indiana	74	6,337	43	7,722	117	14,059
Iowa	44	7,291	10	2,179	54	9,470
Kansas	52	20,050	3	443	55	20,493
Kentucky	56	4,504	11	2,990	67	7,494
Louisiana	80	14,280	18	1,958	98	16,238
Maine	11	1,193	24	5,998	35	7,191
Maryland	63	11,884	35	10,442	98	22,326
Massachusetts	109	10,835	250	52,876	359	63,711
Michigan	30	17,543	21	19,655	51	37,198
Minnesota	28	11,719	8	4,595	36	16,314
Mississippi	32	2,787	12	3,005	44	5,792
Missouri	77	23,384	5	610	82	23,994
Montana	8	788	3	432	11	1,220
Nebraska	18	9,953	6	1,415	24	11,368
Nevada	4	4,575	1	48	5	4,623
New Hampshire	8	1,423	31	7,257	39	8,680
New Jersey	149	38,228	25	29,376	174	67,604
New Mexico	17	4,908	8	1,126	25	6,034
New York	63	18,864	104	142,113	167	160,977
North Carolina	131	19,126	6	1,072	137	20,198
North Dakota	3	319	3	3,912	6	4,231
Ohio	213	43,974	18	14,806	231	58,780
Oklahoma	45	9,422	8	783	53	10,205
Oregon	13	6,703	4	3,040	17	9,743
Pennsylvania	214	38,418	21	26,322	235	64,740
Puerto Rico	0	0	10	6,233	10	6,233
Rhode Island	3	143	7	8,131	10	8,274
South Carolina	38	8,259	11	2,618	49	10,877
South Dakota	8	794	4	616	12	1,410
Tennessee	46	8,843	17	2,418	63	11,261
Texas	267	98,461	12	1,616	279	100,077
Utah	12	4,792	1	2,295	13	7,087
Vermont	3	103	6	1,806	9	1,909
Virginia	51	15,717	15	9,917	66	25,634
Washington	34	10,490	14	15,957	48	26,447
West Virginia	14	1,093	4	918	18	2,011
Wisconsin	74	16,274	3	291	77	16,565
Wyoming	10	953	1	255	11	1,208
Entire U.S.	2,961	$977,740	984	$544,499	3,945	$1,522,239

Note: Components do not add to totals because of differences in reporting dates and accounting systems.
*Preliminary.
Sources: Federal Home Loan Bank Board; National Council of Savings Institutions; U.S. League of Savings Institutions.

56. NUMBER AND ASSETS OF ALL SAVINGS ASSOCIATIONS, BY CHARTER

Year-end	Federally Chartered†	State-chartered			Grand Total
		Total	FSLIC-insured	Noninsured‡	
1960	1,873	4,447	2,225	2,222	6,320
1965	2,011	4,174	2,497	1,677	6,185
1970	2,067	3,602	2,298	1,304	5,669
1971	2,049	3,425	2,222	1,203	5,474
1972	2,044	3,254	2,147	1,107	5,298
1973	2,040	3,130	2,123	1,007	5,170
1974	2,060	2,963	2,081	882	5,023
1975	2,048	2,883	2,030	853	4,931
1976	2,019	2,802	2,025	777	4,821
1977	2,012	2,749	2,053	696	4,761
1978	2,000	2,725	2,053	672	4,725
1979	1,989	2,695	2,050	645	4,684
1980	1,985	2,628	2,017	611	4,613
1981	1,907	2,385	1,872	513	4,292
1982	1,727	2,098	1,616	482	3,825
1983	1,553	1,949	1,487	462	3,502
1984	1,463	1,930	1,475	455	3,393
1985	1,419	1,778	1,488	290	3,197
1986	1,345	1,733	1,466	267	3,078
1987*	1,288	1,673	1,360	313	2,961
		Millions of Dollars			
1960	$ 38,511	$ 32,965	$ 28,919	$ 4,046	$ 71,476
1965	66,715	62,865	57,861	5,004	129,580
1970	96,259	79,924	74,386	5,538	176,183
1971	114,229	91,794	85,755	6,039	206,023
1972	135,925	107,202	100,424	6,778	243,127
1973	152,240	119,665	112,557	7,108	271,905
1974	167,671	127,874	120,552	7,322	295,545
1975	195,410	142,823	134,849	7,974	338,233
1976	225,763	166,144	157,409	8,735	391,907
1977	261,920	197,321	188,078	9,243	459,241
1978	298,195	225,347	215,115	10,232	523,542
1979	323,058	255,904	245,049	10,855	578,962
1980	348,461	281,368	270,004	11,364	629,829
1981	407,351	256,816	243,717	13,099	664,167
1982	483,898	223,748	208,765	14,983	707,646
1983	499,254	274,163	254,946	19,217	773,417
1984	528,104	375,384	351,851	23,533	903,488
1985	552,465	396,316	385,633	10,683	948,781
1986	541,292	422,024	412,259	9,765	963,316
1987*	541,927	435,813	425,359	10,454	977,740

*Preliminary.
†All federally chartered associations are insured by the Federal Savings and Loan Insurance Corporation.
‡Includes the assets of institutions insured by state insuring agencies.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

57. NUMBER AND ASSETS OF ALL SAVINGS BANKS, BY INSURANCE STATUS

Year-end	Total Insured				Grand Total
	Total†	By FDIC	By FSLIC	By State Funds	
1960	502	325	. . .	185	515
1965	501	330	. . .	179	506
1970	493	329	. . .	172	494
1971	489	327	. . .	170	490
1972	485	326	. . .	167	486
1973	481	322	. . .	167	482
1974	479	320	. . .	167	480
1975	475	329	. . .	166	476
1976	473	331	. . .	166	473
1977	467	323	. . .	166	467
1978	465	325	. . .	163	465
1979	463	324	. . .	163	463
1980	463	323	3	162	463
1981	448	331	6	159	448
1982	424	315	6	155	424
1983	534	294	143	146	534
1984	602	291	229	130	602
1985	696	392	302	2	696
1986	882	472	410	0	882
1987*	984	485	499	0	984
	Millions of Dollars				
1960	n.a.	$ 35,092	. . .	n.a.	$ 40,571
1965	n.a.	50,500	. . .	n.a.	58,232
1970	n.a.	68,740	. . .	n.a.	78,995
1971	n.a.	77,892	. . .	n.a.	89,581
1972	n.a.	87,650	. . .	n.a.	100,593
1973	n.a.	93,013	. . .	n.a.	106,650
1974	n.a.	95,589	. . .	n.a.	109,550
1975	n.a.	107,281	. . .	n.a.	121,056
1976	n.a.	120,840	. . .	n.a.	134,812
1977	n.a.	132,201	. . .	n.a.	147,287
1978	n.a.	142,353	. . .	n.a.	158,174
1979	n.a.	147,112	. . .	n.a.	163,405
1980	n.a.	152,566	n.a.	n.a.	171,564
1981	n.a.	155,859	n.a.	n.a.	175,728
1982	n.a.	155,307	$ 6,859	n.a.	174,197
1983	n.a.	170,718	64,969	n.a.	244,501
1984	n.a.	178,902	98,559	n.a.	302,457
1985	n.a.	205,279	131,868	n.a.	348,644
1986	$447,446	236,884	210,562	n.a.	447,446
1987*	544,499	260,203	284,296	n.a.	544,499

n.a. = not available.
*Preliminary.
†Data on insured savings banks do not add to total because some institutions are both FDIC-insured and state-insured.
Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board; National Council of Savings Institutions.

58. STATEMENT OF OPERATIONS OF FSLIC-INSURED SAVINGS INSTITUTIONS (MILLIONS OF DOLLARS)

Year	Operating Income	Operating Expense	Net Operating Income	Interest on Savings Deposits	Interest on Borrowed Money	Net Income before Taxes	Taxes	Net Income after Taxes
1960	$ 3,503	$ 766	$ 2,737	$ 2,118	$ 78	$ 552	$ 4	$ 548
1965	6,821	1,317	5,504	4,309	243	950	154	796
1970	10,675	1,902	8,773	6,895	764	1,166	241	925
1971	12,668	2,113	10,555	8,274	603	1,748	434	1,314
1972	15,209	2,485	12,724	9,967	479	2,317	630	1,687
1973	18,280	2,975	15,305	11,688	917	2,655	758	1,897
1974	20,981	3,443	17,538	13,646	1,671	2,144	661	1,483
1975	23,719	3,949	19,770	16,020	1,600	2,082	634	1,448
1976	28,217	4,582	23,635	19,090	1,393	3,219	969	2,250
1977	33,890	5,328	28,562	22,547	1,506	4,610	1,412	3,198
1978	40,589	6,177	34,412	26,024	2,667	5,717	1,799	3,918
1979	48,606	7,088	41,518	32,151	4,299	5,198	1,578	3,620
1980	56,135	7,920	48,215	41,627	5,801	1,193	409	784
1981	65,152	8,976	56,176	54,075	9,206	−6,148	−1,516	−4,632
1982	71,509	10,104	61,405	58,600	11,653	−5,869	−1,598	−4,271
1983	79,983	12,298	67,686	58,275	9,380	2,561	593	1,968
1984	100,610	15,326	85,284	71,790	12,615	1,871	770	1,101
1985	110,517	19,527	90,990	73,471	14,058	5,951	2,112	3,839
1986	110,800	22,900	87,900	67,900	15,400	3,300	3,100	100
1987*	107,600	24,300	83,300	62,400	17,900	−4,100	2,700	−6,800

Note: Components do not add to totals because of the exclusion of some nonoperating income and expense items and because of rounding.
*Preliminary.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

59. INCOME AND EXPENSE RATIOS OF FSLIC-INSURED SAVINGS INSTITUTIONS†

Item	1985	1986	1987*	Annual Change 1986	Annual Change 1987*
Operating Income	10.80%	9.90%	8.96%	−0.90%	−0.94%
Operating Expenses	1.91	2.05	2.02	0.14	−0.03
Net Operating Income	8.89%	7.84%	6.93%	−1.05%	−0.91%
Interest on Savings Deposits	7.18	6.07	5.19	−1.11	−0.88
Interest on Borrowed Money	1.37	1.38	1.49	0.01	0.11
Nonoperating Income and Expense (Net)	0.24	−0.11	−0.59	−0.35	−0.48
Net Income before Taxes	0.59%	0.29%	−0.34%	−0.30%	−0.63%
Taxes	0.21	0.28	0.22	0.07	−0.06
Net Income after Taxes (Return on Assets)	0.39%	0.01%	−0.56%	−0.38%	−0.57%

Note: Components may not add to totals due to rounding.
*Preliminary.
†Income and expense items as a percentage of average assets excluding loans in process or contra-assets.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

60. STATEMENT OF OPERATIONS OF FDIC-INSURED SAVINGS BANKS
(MILLIONS OF DOLLARS)

Year	Operating Income	Operating Expense	Net Operating Income	Interest on Savings Deposits	Interest on Borrowed Money†	Net Income before Taxes	Taxes	Net Income after Taxes
1960	$ 1,462	$ 225	$ 1,237	$ 1,074	n.a.	$ 182	$ 14	$ 168
1965	2,392	312	2,080	1,809	n.a.	252	29	223
1970	3,875	501	3,374	2,987	$ 20	245	78	167
1971	4,529	574	3,955	3,419	8	471	127	344
1972	5,295	665	4,630	3,943	7	665	186	479
1973	6,065	783	5,282	4,481	29	686	208	478
1974‡	6,494	920	5,574	4,917	66	480	162	318
1975	7,188	1,074	6,114	5,496	55	537	172	365
1976	8,331	1,313	7,018	6,288	45	734	227	507
1977	9,434	1,476	7,958	6,997	47	962	280	682
1978	10,668	1,674	8,994	7,707	122	1,120	311	809
1979	11,967	1,807	10,160	8,958	295	908	259	649
1980	13,029	2,079	10,950	10,635	554	– 204	45	– 249
1981	14,608	2,209	12,399	13,172	852	–1,587	–139	–1,448
1982	15,121	2,349	12,772	13,239	952	–1,268	– 27	–1,241
1983	15,912	2,636	13,276	12,827	571	– 52	118	– 170
1984	18,089	2,897	15,192	13,932	883	267	144	123
1985	20,375	3,534	16,841	13,963	983	1,964	516	1,448
1986	22,441	4,413	18,028	13,418	1,387	3,541	1,173	2,368
1987	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

n.a. = not available.
Note: Components do not add to totals because of the exclusion of some nonoperating income and expense items.
†Beginning with 1979, includes expense of federal funds purchased and securities sold under repurchase agreement and interest on subordinated notes and debentures previously included in operating expense.
‡Not entirely comparable with prior years, due to accounting changes.
Source: Federal Deposit Insurance Corporation.

61. INCOME AND EXPENSE RATIOS OF FDIC-INSURED SAVINGS BANKS†

Item	1984	1985	1986‡	Annual Change 1985	Annual Change 1986‡
Operating Income	10.35%	10.61%	10.15%	0.26%	–0.46%
Operating Expenses	1.66	1.84	2.00	0.18	0.16
Net Operating Income	8.69%	8.77%	8.15%	0.08%	–0.62%
Interest on Savings Deposits	7.97	7.27	6.07	–0.70	–1.20
Interest on Borrowed Money	0.51	0.51	0.63	0.00	0.12
Net Realized Gains or Losses (Net)	–0.06	0.03	0.15	0.09	0.12
Net Income before Taxes	0.15%	1.02%	1.60%	0.87%	0.58%
Taxes	0.08	0.27	0.53	0.19	0.26
Net Income after Taxes (Return on Assets)	0.07%	0.75%	1.07%	0.68%	0.32%

Note: Components may not add to totals due to rounding.
†Income and expense items as a percentage of average assets.
‡1987 data not available.
Source: Federal Deposit Insurance Corporation.

62. TOTAL OPERATING INCOME OF FSLIC-INSURED SAVINGS INSTITUTIONS (PERCENTAGE DISTRIBUTION)

Year	Interest on Mortgage Loans†	Interest on Investments	Loan Fees and Discounts	All Other
1960	83.3%	5.1%	11.6%	
1965	86.8	5.4	3.5%	4.3%
1970	84.3	7.7	3.7	4.3
1971	82.6	8.8	4.9	3.7
1972	83.4	7.9	5.3	3.4
1973	83.5	8.3	4.4	3.8
1974	82.3	9.1	3.6	5.0
1975	81.6	8.6	4.1	5.7
1976	80.5	7.6	4.7	7.2
1977	80.8	6.8	5.0	7.4
1978	80.5	7.5	4.4	7.6
1979	78.8	9.1	3.7	8.4
1980	80.7	10.0	3.2	6.1
1981	79.2	11.6	2.7	6.5
1982	77.5	11.4	3.9	7.2
1983	74.9	11.3	5.9	7.9
1984	73.2	11.9	5.2	9.7
1985	73.3	10.6	4.7	11.4
1986	72.4	9.9	5.1	12.6
1987*	72.6	10.8	4.6	12.0

*Preliminary.
†Beginning in 1980, includes mortgage-backed securities.
Sources: Federal Home Loan Bank Board; U.S. League of Savings Institutions.

63. TOTAL EXPENSE OF FSLIC-INSURED SAVINGS INSTITUTIONS (PERCENTAGE DISTRIBUTION)

Year	Interest on Savings Deposits	Interest on Borrowed Money	Compensation	All Other
1960	71.4%	2.6%	11.4%	14.6%
1965	73.2	4.0	10.4	12.4
1970	71.6	7.9	9.0	11.5
1971	74.8	5.5	9.0	10.7
1972	76.6	3.7	8.9	10.8
1973	74.3	5.8	8.7	11.2
1974	72.0	8.8	8.4	10.8
1975	73.4	7.3	8.3	11.0
1976	75.2	5.5	8.4	10.9
1977	75.9	5.1	8.5	10.5
1978	73.9	7.6	8.3	10.2
1979	73.2	9.8	7.8	9.2
1980	74.7	10.4	6.8	8.1
1981	74.4	12.7	5.9	7.0
1982	71.8	14.3	5.6	8.3
1983	71.5	11.5	6.5	10.5
1984	69.9	12.3	6.7	11.1
1985	65.8	12.6	7.3	14.3
1986	58.4	13.3	8.1	20.2
1987*	53.1	15.2	8.9	22.8

*Preliminary.
Sources: Federal Home Loan Bank Board; U.S. League of Savings Institutions.

64. TOTAL OPERATING INCOME OF FDIC-INSURED SAVINGS BANKS

Year	Interest and Fees on Mortgage Loans	Interest on Investments	All Other
1960	73.2%	24.1%	2.7%
1965	81.6	15.0	3.4
1970	76.5	17.9	5.6
1971	72.3	22.3	5.4
1972	69.7	25.1	5.2
1973	68.8	24.1	7.1
1974	69.3	23.0	7.7
1975	67.0	26.6	6.4
1976	62.7	31.1	6.2
1977	60.9	32.2	6.9
1978	60.9	30.9	8.2
1979	59.9	32.5	7.6
1980	58.6	31.2	10.2
1981	54.9	30.9	14.2
1982	52.6	29.6	17.8
1983	52.8	31.1	16.1
1984	61.9†	29.3	8.8
1985	65.2	26.7	8.1
1986	67.0	25.5	7.5
1987	n.a.	n.a.	n.a.

n.a. = not available.
†Beginning in 1984, interest and fees on all loans.
Source: Federal Deposit Insurance Corporation.

65. TOTAL EXPENSE OF FDIC-INSURED SAVINGS BANKS (PERCENTAGE DISTRIBUTION)

Year	Interest on Savings Deposits	Interest on Borrowed Money	Compensation	All Other
1960	82.7%	n.a.	10.1%	7.2%
1965	85.3	n.a.	8.1	6.6
1970	85.2	0.6%	7.5	6.7
1971	85.5	0.2	7.5	6.8
1972	85.4	0.1	7.2	7.3
1973	84.7	0.5	7.2	7.6
1974	83.3	1.1	7.2	8.4
1975	83.0	0.8	7.3	8.9
1976	82.2	0.6	7.3	9.9
1977	82.1	0.6	7.3	10.0
1978	81.1	1.3	7.6	10.0
1979	81.0	2.7	7.4	8.9
1980	80.2	4.2	7.0	8.6
1981	81.1	5.2	6.3	7.4
1982	80.0	5.8	6.2	8.0
1983	80.0	3.6	7.1	9.3
1984	78.7	5.0	7.0	9.3
1985	75.6	5.3	8.3	10.8
1986	69.8	7.2	10.1	12.9
1987	n.a.	n.a.	n.a.	n.a.

n.a. = not available.
Source: Federal Deposit Insurance Corporation.

66. SELECTED SIGNIFICANT RATIOS OF FEDERALLY INSURED SAVINGS INSTITUTIONS

	FSLIC-insured Savings Institutions				FDIC-insured Savings Banks			
Year	Asset Utilization[1]	Profit Margin[2]	Return on Equity[3]	Return on Average Assets[4]	Asset Utilization[1]	Profit Margin[2]	Return on Equity[3]	Return on Average Assets[4]
1960	5.55%	15.55%	12.35%	0.86%	4.25%	11.50%	5.76%	0.49%
1965	5.72	11.63	9.83	0.67	4.93	9.33	5.83	0.46
1970	6.60	8.56	8.02	0.57	5.87	4.31	3.37	0.25
1971	6.93	10.24	10.51	0.71	6.15	7.59	6.56	0.47
1972	7.02	11.01	12.14	0.77	6.38	9.05	8.41	0.58
1973	7.34	10.31	12.15	0.76	6.68	7.88	7.64	0.53
1974	7.63	7.03	8.63	0.54	6.87	4.89	4.85	0.33
1975	7.73	6.06	7.82	0.47	7.06	5.08	5.30	0.36
1976	8.01	7.87	11.10	0.63	7.29	6.09	6.81	0.44
1977	8.23	9.32	13.94	0.77	7.43	7.23	8.39	0.54
1978	8.50	9.57	14.84	0.82	7.75	7.58	9.09	0.59
1979	9.08	7.37	12.06	0.67	8.24	5.42	6.79	0.45
1980	9.60	1.38	2.44	0.13	8.67	– 1.58	– 2.56	–0.17
1981	10.48	– 6.96	–15.44	–0.73	9.47	– 9.91	–16.21	–0.94
1982	11.27	– 5.64	–16.13	–0.65	9.72	– 8.21	–15.77	–0.80
1983	11.20	2.34	6.77	0.27	9.76	– 1.07	– 2.16	–0.10
1984	11.66	1.05	3.15	0.13	10.35	0.68	1.56	0.07
1985	11.49	3.27	9.14	0.39	10.61	7.11	14.49	0.75
1986	10.68	0.08	0.20	0.01	10.15	10.55	16.21	1.07
1987*	9.44	– 6.00	–13.10	–0.56	n.a.	n.a.	n.a.	n.a.

n.a. = not available.
Note: Beginning in 1982, average assets exclude certain contra-asset balances that had been reported as liabilities.
*Preliminary.
[1]Total income divided by average assets (net of loans in process or contra-assets).
[2]Net after-tax income divided by total income.
[3]Net after-tax income divided by average net worth.
[4]Net after-tax income divided by average assets (net of loans in process or contra-assets).
Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board; United States League of Savings Institutions.

67. TOTAL ASSETS OF ALL SAVINGS ASSOCIATIONS
(MILLIONS OF DOLLARS)

Year-end	Mortgage Loans [1,3]	Cash and Investment Securities[2]	Real Estate Owned	FHLB Stock	Other Assets[1,2,3]	Total Assets[3]
1960	$ 60,070	$ 7,888	$ 158	$ 978	$ 2,382	$ 71,476
1965	110,306	12,123	1,065	1,236	4,850	129,580
1970	150,331	16,526	746	1,539	7,041	176,183
1971	174,250	21,042	775	1,550	8,406	206,023
1972	206,182	24,355	776	1,675	10,139	243,127
1973	231,733	21,055	910	2,075	16,132	271,905
1974	249,301	23,251	1,211	2,575	19,207	295,545
1975	278,590	30,853	1,662	2,600	24,528	338,233
1976	323,005	35,724	1,928	2,800	28,450	391,907
1977	381,163	39,150	1,787	3,200	33,941	459,241
1978	432,808	44,884	1,746	4,000	40,104	523,542
1979	475,688	46,341	1,806	4,900	50,227	578,962
1980	502,812	57,572	2,272	4,900	62,273	629,829
1981	518,547	63,123	3,320	5,500	73,677	664,167
1982	483,614	85,438	5,578	5,900	127,116	707,646
1983[4]	533,487	114,710	n.a.	6,000	184,189	838,386
1984	612,720	140,802	n.a.	6,200	242,325	1,002,047
1985	671,266	147,010	n.a.	n.a.	262,373	1,080,649
1986	665,541	170,944	n.a.	n.a.	335,703	1,172,188
1987*	700,437	170,769	n.a.	n.a.	390,830	1,262,036

n.a. = not available.
*Preliminary.
[1]Beginning in 1973, participation certificates guaranteed by the FHLMC and certain other government-insured mortgage-type investments, previously included in mortgage loans, are included in other assets.
[2]Beginning in 1973, GNMA-guaranteed mortgage-backed securities of the pass-through type, previously included in cash and investment securities, are included in other assets.
[3]Beginning in 1982, excludes certain balances that had been reported as liabilities and are now reported as contra-assets.
[4]Beginning in 1983, includes FSLIC-insured federal savings banks.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

68. TOTAL ASSETS OF ALL SAVINGS BANKS
(MILLIONS OF DOLLARS)

Year-end	Mortgage Loans	Cash and Government Securities	Nonmortgage Loans	Other Assets	Total Assets
1960	$ 26,935	$ 7,788	$ 416	$ 5,432	$ 40,571
1965	44,617	6,822	862	5,931	58,232
1970	57,948	6,540	2,255	12,252	78,995
1971	61,978	7,310	2,810	17,483	89,581
1972	67,556	8,797	2,979	21,261	100,593
1973	73,230	8,149	3,871	21,400	106,650
1974	74,920	7,825	3,812	22,993	109,550
1975	77,249	11,382	4,023	28,402	121,056
1976	81,639	13,881	5,183	34,109	134,812
1977	88,195	14,462	6,210	38,420	147,287
1978	95,157	15,295	7,195	40,527	158,174
1979	98,908	13,744	9,253	41,500	163,405
1980	99,865	15,673	11,733	44,293	171,564
1981	99,997	17,540	14,753	43,438	175,728
1982	94,091	19,132	16,957	44,017	174,197
1983	97,347	23,800	19,129	53,251	193,527
1984	103,547	21,719	25,596	55,423	206,285
1985	110,448	21,659	30,876	53,793	216,776
1986	118,371	23,285	35,127	60,101	236,884
1987*	139,000	21,377	33,871	65,955	260,203

*Preliminary.
Sources: Federal Deposit Insurance Corporation; National Council of Savings Institutions.

69. TOTAL LIABILITIES OF ALL SAVINGS ASSOCIATIONS
(MILLIONS OF DOLLARS)

Year-end	Savings Deposits	FHLB Advances[1]	Loans in Process	Other Liabilities[2]	Net Worth	Total Liabilities[2]
1960	$ 62,142	$ 2,197	$ 1,186	$ 968	$ 4,983	$ 71,476
1965	110,385	6,444	2,198	1,849	8,704	129,580
1970	146,404	10,911	3,078	3,389	12,401	176,183
1971	174,197	8,992	5,029	4,213	13,592	206,023
1972	206,764	9,782	6,209	5,132	15,240	243,127
1973	226,968	17,172	4,667	6,042	17,056	271,905
1974	242,974	24,780	3,244	6,105	18,442	295,545
1975	285,743	20,634	5,126	6,949	19,779	338,233
1976	335,912	19,083	6,840	8,074	21,998	391,907
1977	386,800	27,840	9,911	9,506	25,184	459,241
1978	430,953	42,907	10,721	9,904	29,057	523,542
1979	470,004	55,232	9,582	11,506	32,638	578,962
1980	510,959	64,491	8,767	12,221	33,391	629,829
1981	525,061	88,782	6,385	15,544	28,395	664,167
1982	567,961	97,850	[3]	15,602	26,233	707,646
1983[4]	687,682	99,604	[3]	17,125	33,975	838,386
1984	804,617	138,464	[3]	19,847	39,119	1,002,047
1985	853,533	158,121	[3]	21,778	47,217	1,080,649
1986	897,899	196,852	[3]	24,308	53,129	1,172,188
1987*	940,416	251,170	[3]	22,127	48,323	1,262,036

*Preliminary.
[1]Includes other borrowed money.
[2]Beginning in 1982, excludes certain balances that had been reported as liabilities and are now reported as contra-assets.
[3]Loans in process are now reported as a deduction from mortgage loans.
[4]Beginning in 1983, includes FSLIC-insured federal savings banks.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

70. TOTAL LIABILITIES OF ALL SAVINGS BANKS
(MILLIONS OF DOLLARS)

Year-end	Savings Deposits	Borrowings and Mortgage Warehousing	Other Liabilities	General Reserve Accounts	Total Liabilities
1960	$ 36,343	n.a.	$ 678	$ 3,550	$ 40,571
1965	52,443	n.a.	1,124	4,665	58,232
1970	71,580	n.a.	1,689	5,726	78,995
1971	81,440	n.a.	1,810	6,331	89,581
1972	91,613	$ 125	1,899	6,956	100,593
1973	96,496	403	2,162	7,589	106,650
1974	98,701	818	2,070	7,961	109,550
1975	109,873	555	2,200	8,428	121,056
1976	122,577	401	2,482	9,052	134,812
1977	134,017	622	2,670	9,978	147,287
1978	142,701	1,594	2,972	10,907	158,174
1979	146,006	3,653	2,221	11,525	163,405
1980	153,501	4,511	2,184	11,368	171,564
1981	155,110	8,132	2,500	9,986	175,728
1982	155,196	7,048	2,718	9,235	174,197
1983	172,665	7,128	3,368	10,366	193,527
1984	182,789	9,476	3,457	10,563	206,285
1985	185,972	13,530	4,451	12,823	216,776
1986	193,559	20,142	5,084	18,099	236,884
1987*	202,030	n.a.	n.a.	20,633	260,203

n.a. = not available.
*Preliminary.
Sources: Federal Deposit Insurance Corporation; National Council of Savings Institutions.

71. CONDENSED STATEMENT OF CONDITION OF FSLIC-INSURED SAVINGS INSTITUTIONS AS OF DECEMBER 31, 1987*

Item	Amount (Millions)	Percentage of Total
ASSETS:		
Mortgage Loans	$ 683,289	54.6%
Insured Mortgages and Mortgage-backed Securities	198,578	15.9
Mobile Home Loans	7,381	0.6
Home Improvement Loans	4,503	0.4
Loans on Deposits	3,496	0.3
Education Loans	4,385	0.4
Other Consumer Loans	36,581	2.9
Cash and Government Securities	66,892	5.3
Other Investments	102,697	8.2
Investment in Service Corporations	22,753	1.8
Building and Equipment	15,672	1.3
Real Estate Owned	24,567	2.0
Real Estate Held for Development	8,410	0.7
All Other Assets	72,378	5.8
Total Assets	$1,251,582	100.0%
LIABILITIES AND NET WORTH:		
Savings Deposits:		
Accounts of $100,000 or Less	$ 808,222	64.6%
Accounts of More than $100,000	124,445	9.9
Federal Home Loan Bank Advances	116,309	9.3
Other Borrowed Money	133,289	10.6
All Other Liabilities	21,848	1.7
Net Worth	47,469	3.8
Total Liabilities and Net Worth	$1,251,582	100.0%

Note: Components may not add to totals due to rounding.
*Preliminary.
Sources: Federal Home Loan Bank Board; United States League of Savings Institutions.

72. CONDENSED STATEMENT OF CONDITION OF FDIC-INSURED SAVINGS BANKS AS OF DECEMBER 31, 1986†

Item	Amount (Millions)	Percentage of Total
ASSETS:		
Total Loans and Leases	$146,967	62.0%
Cash and Due from Depository Institutions	7,475	3.2
Federal Funds Sold and Repurchase Agreements	4,461	1.9
Total Securities	64,842	27.4
Building and Equipment	2,113	0.9
Real Estate Owned	541	0.2
All Other Assets	10,485	4.4
Total Assets	$236,884	100.0%
LIABILITIES AND EQUITY CAPITAL:		
Total Deposits	$193,559	81.7%
Borrowed Money	21,009	8.9
All Other Liabilities	3,815	1.6
Subordinated Notes and Debentures	939	0.4
Equity Capital	17,562	7.4
Total Liabilities and Equity Capital	$236,884	100.0%

Note: Components may not add to totals due to rounding.
†1987 data not available.
Source: Federal Deposit Insurance Corporation.

73. NUMBER OF SAVINGS INSTITUTION OFFICES

Year-end	Savings Association Offices†			Savings Bank Offices			All Savings Institution Offices		
	Main	Branch	Total	Main	Branch‡	Total	Main	Branch	Total
1960	6,320	1,611	7,931	515	487	1,002	6,835	2,098	8,933
1965	6,185	2,994	9,179	506	716	1,222	6,691	3,710	10,401
1970	5,669	4,318	9,987	494	1,087	1,581	6,163	5,405	11,568
1971	5,474	4,961	10,435	490	1,196	1,686	5,964	6,157	12,121
1972	5,298	5,851	11,149	486	1,354	1,840	5,784	7,205	12,989
1973	5,170	7,036	12,206	482	1,492	1,974	5,652	8,528	14,180
1974	5,023	8,775	13,798	480	1,642	2,122	5,503	10,417	15,920
1975	4,931	10,518	15,449	476	1,846	2,322	5,407	12,364	17,771
1976	4,821	11,908	16,729	473	2,080	2,553	5,294	13,988	19,282
1977	4,761	13,087	17,848	467	2,314	2,781	5,228	15,401	20,629
1978	4,725	14,250	18,975	465	2,541	3,006	5,190	16,791	21,981
1979	4,684	15,508	20,192	463	2,875	3,338	5,147	18,383	23,530
1980	4,613	16,733	21,346	463	3,152	3,615	5,076	19,885	24,961
1981	4,292	17,495	21,787	448	3,245	3,693	4,740	20,740	25,480
1982	3,825	18,712	22,537	424	2,777	3,201	4,249	21,489	25,738
1983	3,645	18,635	22,280	391	2,466	2,857	4,036	21,101	25,137
1984	3,622	18,812	22,434	373	2,437	2,810	3,995	21,249	25,244
1985	3,499	19,186	22,685	394	2,734	3,128	3,893	21,920	25,813
1986	3,488	19,540	23,028	472	2,860	3,332	3,960	22,400	26,360
1987*	3,460	19,664	23,124	485	n.a.	n.a.	3,945	n.a.	n.a.

n.a. = not available.
*Preliminary.
†Beginning in 1983, includes FSLIC-insured federal savings banks; branch office data are as of June 30.
‡Beginning in 1983, branch office data are for FDIC-insured savings banks.
Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board; National Council of Savings Institutions; United States League of Savings Institutions.

74. PERSONNEL OF SAVINGS INSTITUTIONS

Year-end	Savings Associations		Savings Banks	
	Total Employees	Employees Per $1 Million of Assets	Total Employees	Employees Per $1 Million of Assets
1960	71,700	1.00	n.a.	n.a.
1965	97,600	0.75	27,233	0.47
1970	106,000	0.60	n.a.	n.a.
1971	114,900	0.56	n.a.	n.a.
1972	129,300	0.53	35,138	0.35
1973	142,800	0.53	40,311	0.38
1974	153,300	0.52	41,602	0.38
1975	169,700	0.50	44,050	0.36
1976	185,800	0.47	47,682	0.35
1977	208,300	0.45	51,410	0.35
1978	225,500	0.43	55,170	0.35
1979	244,900	0.42	57,995	0.35
1980	260,100	0.41	62,318	0.36
1981	265,000	0.40	62,467	0.36
1982	273,500	0.39	72,300†	0.42†
1983	312,900	0.37	75,100	0.39
1984	337,400	0.34	77,200	0.37
1985	361,100	0.33	80,600	0.37
1986	389,500	0.33	85,100	0.36
1987*	406,200	0.32	87,000	0.33

n.a. = not available.
*Preliminary.
†New series.
Sources: Bureau of Labor Statistics; National Council of Savings Institutions; United States League of Savings Institutions.

Federal Government Agency Data

75. FEDERAL HOME LOAN BANK DISTRICTS

District	FHL Bank City	State or Area
1	Boston	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
2	New York	New Jersey, New York, Puerto Rico, Virgin Islands
3	Pittsburgh	Delaware, Pennsylvania, West Virginia
4	Atlanta	Alabama, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia
5	Cincinnati	Kentucky, Ohio, Tennessee
6	Indianapolis	Indiana, Michigan
7	Chicago	Illinois, Wisconsin
8	Des Moines	Iowa, Minnesota, Missouri, North Dakota, South Dakota
9	Dallas	Arkansas, Louisiana, Mississippi, New Mexico, Texas
10	Topeka	Colorado, Kansas, Nebraska, Oklahoma
11	San Francisco	Arizona, California, Nevada
12	Seattle	Alaska, Guam, Hawaii, Idaho, Montana, Oregon, Utah, Washington, Wyoming

Source: Federal Home Loan Bank Board.

76. FHLB LENDING ACTIVITY
(DOLLAR AMOUNTS IN MILLIONS)

Year	Advances			
	Made	Repaid	Outstanding at Year-end	As a % of Member Assets
1960	$ 1,943	$ 2,097	$ 1,981	2.9%
1965	5,007	4,335	5,997	4.7
1970	3,255	1,930	10,615	6.2
1971	2,714	5,392	7,936	3.9
1972	4,792	4,750	7,979	3.4
1973	10,013	2,845	15,147	5.7
1974	12,763	6,106	21,804	7.5
1975	5,468	9,425	17,845	5.4
1976	8,114	10,097	15,862	4.1
1977	13,756	9,445	20,173	4.5
1978	25,297	12,800	32,670	6.3
1979	29,166	19,998	41,838	7.3
1980	36,585	29,460	48,963	7.9
1981	53,941	37,709	65,194	10.0
1982	53,744	52,928	66,011	9.5
1983	44,724	51,758	58,977	7.8
1984	91,239	75,598	74,618	8.4
1985	133,651	119,417	88,852	9.4
1986	181,648	161,832	108,668	11.4
1987*	194,450	170,064	133,054	n.a.

n.a. = not available.
Note: Components may not add to totals due to rounding.
*Preliminary.
Source: Federal Home Loan Bank Board.

77. MEMBERSHIP OF THE FHLB SYSTEM AT YEAR-END 1987

Bank District	Savings Associations				Savings Banks	Life Insurance Companies	Total Membership
		Insured by FSLIC					
	Total Number	Federally Chartered	State-chartered	Other State-chartered			
Boston	110	32	33	45	198	...	308
New York	192	65	125	2	85	...	277
Pittsburgh	186	72	101	13	23	...	209
Atlanta	487	309	178	...	122	...	609
Cincinnati	311	163	145	3	47	1	359
Indianapolis	103	74	29	...	62	4	169
Chicago	309	149	160	...	31	...	340
Des Moines	156	87	68	1	30	...	186
Dallas	421	139	282	...	56	...	477
Topeka	144	86	58	...	24	...	168
San Francisco	206	56	150	...	18	...	224
Seattle	87	56	31	...	33	...	120
Total	2,712	1,288	1,360	64	729	5	3,446

Source: Federal Home Loan Bank Board.

78. FHLB CAPITAL STOCK, MEMBER DEPOSITS AND OBLIGATIONS
(MILLIONS OF DOLLARS)

Year-end	Capital Stock	Member Deposits	Obligations Outstanding†	Year-end	Capital Stock	Member Deposits	Obligations Outstanding†
1960	$ 989	$ 938	$ 1,266	1978	$ 4,120	$ 6,206	$ 25,109
1965	1,277	1,043	5,221	1979	5,149	9,254	30,372
1970	1,607	2,331	10,181	1980	5,160	10,074	37,268
1971	1,618	1,789	6,840	1981	5,827	11,914	54,131
1972	1,756	1,547	6,671	1982	6,269	14,732	55,972
1973	2,122	1,744	14,449	1983	6,395	11,873	48,931
1974	2,624	2,394	19,445	1984	7,200	18,844	65,085
1975	2,705	2,651	16,383	1985	8,313	23,309	74,460
1976	2,889	3,867	14,620	1986	9,485	26,951	88,758
1977	3,295	4,144	16,009	1987	11,281	20,351	115,725

†Beginning in 1970, excludes pass-throughs to FHLMC.
Source: Federal Home Loan Bank Board.

79. WEIGHTED RATE ON ADVANCES, BY FHLB DISTRICT, YEAR-END 1985-1987

Bank	1985	1986	1987
Boston	10.00%	8.91%	8.32%
New York	10.33	8.92	8.58
Pittsburgh	10.18	9.90	8.53
Atlanta	10.05	8.88	8.34
Cincinnati	10.53	9.52	9.01
Indianapolis	10.95	9.75	9.24
Chicago	10.74	8.17	8.67
Des Moines	10.31	8.67	8.21
Dallas	10.01	8.92	8.60
Topeka	11.05	9.60	8.94
San Francisco	10.28	9.97	8.81
Seattle	10.82	9.49	8.84

Source: Federal Home Loan Bank Board.

80. DIVIDEND RATES PAID, BY FHLB DISTRICT

Bank	1985	1986	1987
Boston	8.00%	8.50%	8.00%
New York	10.12	11.31	10.50
Pittsburgh	10.15	10.56	10.70
Atlanta	12.00	10.00	9.00
Cincinnati	9.28	10.50	10.00
Indianapolis	12.50	13.63	13.00
Chicago	10.69	11.25	8.81
Des Moines	12.00	11.00	11.25
Dallas	12.12	10.25	9.25
Topeka	10.60	9.75	10.25
San Francisco	7.65	10.03	9.67
Seattle	12.74	11.38	12.00

Source: Federal Home Loan Bank Board.

81. FHLB COMBINED STATEMENT OF CONDITION
(THOUSANDS OF DOLLARS)

Item	December 31, 1986	December 31, 1987
Assets:		
Cash	$ 2,616,210	$ 1,586,860
Investments	17,437,781	16,538,088
Advances	108,644,705	133,057,917
Other assets	2,793,968	2,921,361
Total Assets	$131,492,664	$154,104,226
Liabilities:		
Members' time deposits	$ 18,319,305	$ 13,707,826
Members' demand deposits	8,631,525	6,642,854
Total Deposits	$ 26,950,830	$ 20,350,680
Consolidated obligations	88,758,255	115,724,529
Other liabilities	4,038,022	4,326,486
Total Liabilities	$119,747,107	$140,401,695
Capital:		
Capital stock—all member-owned	$ 9,484,683	$ 11,281,479
Legal reserve	1,699,488	1,969,067
Dividend stabilization reserve	413,819	459,919
Undivided profits	147,567	147,566
Capital distribution to Financing Corporation	0	(155,500)
Total Capital	$ 11,745,557	$ 13,702,531
Total Liabilities and Capital	$131,492,664	$154,104,226

Source: Federal Home Loan Bank Board.

82. FHLB COMBINED OPERATING STATEMENT
(THOUSANDS OF DOLLARS)

Item	Calendar Year 1986	Calendar Year 1987
Earned Income:		
Interest on advances	$ 9,037,947	$ 9,861,326
Income from investments	1,524,391	1,317,460
Miscellaneous	751,675	514,205
Total Earned Income	$11,314,013	$11,692,991
Expenses:		
Compensation and benefit costs	$ 179,781	$ 216,995
Administrative (including travel)	159,768	169,585
Interest and concessions on consolidated obligations	7,770,426	8,465,504
Interest on deposits	1,616,830	1,388,104
FHLB Board assessments	9,757	9,288
Other expenses	177,211	95,619
Total Expenses	$ 9,913,773	$10,345,095
Net Income	$ 1,400,240	$ 1,347,896

Source: Federal Home Loan Bank Board.

83. FSLIC COMPARATIVE STATEMENT OF CONDITION
(THOUSANDS OF DOLLARS)

Item	September 30, 1986	September 30, 1987†
Assets:		
U.S. securities (par)	$ 4,784,193	$1,006,566
Accounts receivable and advances made (par)	74,874	74,874
Assets acquired from insured institutions (net)	272,432	388,551
Loans receivable (net)	1,014,741	1,036,924
Subrogated accounts in insured institutions	2,607,196	3,674,265
Secured advances due from receiver (net)	615,255	535,881
Loans to receivers	111,297	222,476
Capital certificates	1,802,183	1,481,486
Other assets	7,857	35,626
Total Assets	$11,290,028	$8,456,649
Liabilities:		
Accounts payable including funded accrued liabilities	$ 7,655,833	$4,784,707
Total Liabilities	$ 7,655,833	$4,784,707
Government Equity:		
Unexpended balances: unobligated balance	$ 1,083,582	$ 197,853
Invested capital	2,550,613	3,474,089
Total Government Equity	$ 3,634,195	$3,671,942
Total Liabilities and Government Equity	$11,290,028	$8,456,649

†Estimated.
Source: Federal Home Loan Bank Board.

84. FSLIC COMPARATIVE OPERATING STATEMENT
(THOUSANDS OF DOLLARS)

Item	Fiscal Year 1986	Fiscal Year 1987†
Income:		
Insurance premiums and admission fees	$ 1,787,443	$1,934,639
Interest on loans and investments	492,073	372,757
Other income	108,063	59,411
Total Income	$ 2,387,579	$2,366,807
Expenses:		
Administrative expenses and payments for FHLBB services	$ 85,809	$ 117,501
Contributions and provision for contributions to insured institutions	622,097	784,459
Liquidation expenses	1,856,205	91,000
Interest on notes payable and recapitalization	234,264	87,077
Other expenses	3,496,450	1,680,755
Total Expenses	$ 6,294,825	$2,760,792
Net Income	$(3,907,246)	$ (393,985)

†Estimated.
Source: Federal Home Loan Bank Board.

85. FDIC COMPARATIVE STATEMENT OF CONDITION
(THOUSANDS OF DOLLARS)

Item	December 31, 1985	December 31, 1986†
Assets:		
Cash	$ 23,186	$ 42,477
Investment in U.S. Treasury obligations (book value)	15,841,869	16,602,959
Accrued interest and other receivables	499,229	503,557
Notes receivable from insured banks	590,254	662,090
Net receivables from assistance to an insured bank	2,712,842	1,854,691
Net receivables from failures of insured banks	2,358,554	2,690,842
Property and buildings	47,164	51,010
Total Assets	$22,073,098	$22,407,626
Liabilities and the Deposit Insurance Fund:		
Accounts payable, accrued liabilities and escrow funds	$ 80,649	$ 266,708
Liabilities incurred in assistance to insured banks	3,442,752	3,034,108
Liabilities incurred from failures of insured banks	578,367	847,242
Estimated losses from corporation litigation	14,340	6,251
Deposit Insurance Fund	17,956,990	18,253,317
Total Liabilities and Deposit Insurance Fund	$22,073,098	$22,407,626

†1987 data not available.
Source: Federal Deposit Insurance Corporation.

86. FDIC COMPARATIVE OPERATING STATEMENT
(THOUSANDS OF DOLLARS)

Item	Calendar Year 1985	Calendar Year 1986†
Income:		
Gross assessments earned less provision for assessment credits	$1,433,497	$1,516,902
Interest on U.S. Treasury obligations	1,599,745	1,634,415
Other income	352,203	149,744
Total Income	$3,385,445	$3,301,061
Expenses and Losses:		
Administrative operating expenses	$ 179,209	$ 180,267
Merger assistance losses and expenses	199,377	(86,043)
Provision for insurance losses	1,568,992	2,868,660
Nonrecoverable insurance expenses	10,356	41,850
Total Expenses and Losses	$1,957,934	$3,004,734
Net Income	$1,427,511	$ 296,327

†1987 data not available.
Source: Federal Deposit Insurance Corporation.

87. NUMBER OF FSLIC AND FDIC MEMBER INSTITUTIONS

Year-end	FSLIC-insured Institutions				FDIC-insured Banks	
		Savings Associations				
	Total	Federally Chartered	State-chartered	Savings Banks	Commercial Banks	Savings Banks
1960	4,098	1,873	2,225	. . .	13,126	325
1965	4,508	2,011	2,497	. . .	13,547	329
1970	4,365	2,067	2,298	. . .	13,511	329
1971	4,271	2,049	2,222	. . .	13,612	327
1972	4,191	2,044	2,147	. . .	13,733	326
1973	4,163	2,040	2,123	. . .	13,976	322
1974	4,141	2,060	2,081	. . .	14,230	320
1975	4,078	2,048	2,030	. . .	14,385	329
1976	4,044	2,019	2,025	. . .	14,411	329
1977	4,065	2,012	2,053	. . .	14,418	323
1978	4,053	2,000	2,053	. . .	14,391	325
1979	4,039	1,989	2,050	. . .	14,364	324
1980	4,005	1,985	2,017	3	14,435	323
1981	3,785	1,907	1,872	6	14,415	331
1982	3,349	1,727	1,616	6	14,462	315
1983	3,183	1,553	1,487	143	14,468	294
1984	3,167	1,463	1,475	229	14,477	291
1985	3,209	1,419	1,488	302	14,404	392
1986	3,221	1,345	1,466	410	14,200	472
1987*	3,147	1,288	1,360	499	13,723	485

*Preliminary.
Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board; Federal Reserve Board.

88. FSLIC RESERVES AND FDIC DEPOSIT INSURANCE FUND
(DOLLAR AMOUNTS IN MILLIONS)

Year-end	FSLIC		FDIC	
	Total Reserves	Percentage of Insured Liability[1]	Deposit Insurance Fund	Percentage of Insured Liability[2]
1960	$ 381	0.618%	$ 2,222	1.485%
1965	1,537	1.353	3,036	1.448
1970	2,903	2.048	4,380	1.253
1971	2,987	1.767	4,740	1.265
1972	3,142	1.564	5,159	1.229
1973	3,454	1.563	5,615	1.206
1974	3,791	1.602	6,124	1.177
1975	4,120	1.478	6,716	1.180
1976	4,480	1.365	7,269	1.157
1977	4,873	1.286	7,993	1.154
1978	5,328	1.262	8,796	1.156
1979	5,848	1.269	9,793	1.211
1980	6,462	1.289	11,020	1.162
1981	6,156	1.198	12,246	1.238
1982	6,308	1.137	13,771	1.214
1983	6,425	0.963	15,429	1.216
1984	5,600	n.a.	16,529	1.189
1985	4,600	n.a.	17,957	1.194
1986	– 6,300	n.a.	18,253	1.117
1987	–13,700[3]	n.a.	18,300	n.a.

n.a. = not available.
[1]Reserves as a percentage of the total accounts of insured depositors at all insured institutions.
[2]Deposit Insurance Fund as a percentage of insured deposits.
[3]Estimated.
Sources: Federal Deposit Insurance Corporation; Federal Home Loan Bank Board.

89. FEDERAL DEPOSIT INSURANCE CORPORATION REGIONS

Region	State or Area
Atlanta	Alabama, Florida, Georgia, North Carolina, South Carolina
Boston	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
Chicago	Illinois, Indiana
Columbus	Kentucky, Ohio, West Virginia
Dallas	Colorado, New Mexico, Oklahoma, Texas
Kansas City	Kansas, Missouri
Madison	Michigan, Wisconsin
Memphis	Arkansas, Louisiana, Mississippi, Tennessee
Minneapolis	Minnesota, Montana, North Dakota, South Dakota, Wyoming
New York	New Jersey, New York, Puerto Rico, Virgin Islands
Omaha	Iowa, Nebraska
Philadelphia	Delaware, District of Columbia, Maryland, Pennsylvania, Virginia
San Francisco	Alaska, Arizona, California, Guam, Hawaii, Idaho, Nevada, Oregon, Utah, Washington

Source: Federal Deposit Insurance Corporation.

90. FHA-INSURED MORTGAGE AND OTHER LOANS MADE

(MILLIONS OF DOLLARS)

Year	Total	Home Mortgages	Project Mortgages	Property Improvement Loans
1960	$ 6,293	$ 4,601	$ 711	$ 982
1965	8,689	7,465	591	634
1970	11,982	8,114	3,251	617
1971	14,689	10,375	3,641	674
1972	12,320	8,067	3,448	805
1973	7,591	4,473	2,286	832
1974	5,915	3,934	1,225	756
1975	7,941	6,165	976	799
1976	9,746	6,362	2,315	1,071
1977	13,000	8,841	2,818	1,341
1978	16,098	11,140	3,270	1,688
1979	22,848	18,167	2,719	1,962
1980	22,301	16,458	4,197	1,646
1981	14,976	10,279	3,024	1,674
1982	14,105	8,087	4,464	1,554
1983	31,651	26,572	3,227	1,852
1984	17,749	14,525	1,867	1,357
1985	28,378	23,964	3,219	1,195
1986	61,758	56,901	3,708	1,149
1987	n.a.	81,553	n.a.	n.a.

n.a. = not available.
Note: Components may not add to totals due to rounding.
Source: Federal Housing Administration.

91. VA-GUARANTEED HOME MORTGAGE LOANS MADE
(DOLLAR AMOUNTS IN MILLIONS)

Year	Number	Amount	Year	Number	Amount
1960	145,000	$ 1,985	1978	365,000	$14,447
1965	164,000	2,652	1979	357,000	16,674
1970	168,000	3,440	1980	266,000	14,500
1971	282,000	5,961	1981	143,000	7,903
1972	370,000	8,293	1982	93,000	5,428
1973	316,000	7,467	1983	286,000	17,966
1974	310,000	8,206	1984	198,000	12,728
1975	299,000	8,884	1985	192,000	13,046
1976	329,000	10,419	1986	346,000	24,719
1977	389,000	13,901	1987	452,000	33,315

Source: Veterans Administration.

92. FEDERAL HOME LOAN MORTGAGE CORPORATION ACTIVITY
(MILLIONS OF DOLLARS)

	Mortgage Transactions		Loan Portfolio (Year-end)			Participation Certificates
Year	Purchases	Sales	Total	FHA-VA	Conventional	(Year-end)
1970	$ 325	. . .	$ 325	$ 325	. . .	. . .
1971	778	$ 113	968	821	$ 147	$ 64
1972	1,297	407	1,788	1,502	286	444
1973	1,334	409	2,604	1,800	804	791
1974	2,190	53	4,586	1,961	2,625	780
1975	1,713	1,521	4,987	1,881	3,106	1,143
1976	1,127	1,797	4,269	1,675	2,594	1,900
1977	4,160	4,647	3,267	1,450	1,817	5,408
1978	6,526	6,426	3,091	1,299	1,792	10,152
1979	5,621	4,544	4,052	1,159	2,893	12,922
1980	3,723	2,526	5,056	1,090	3,966	14,785
1981	3,744	3,532	5,237	1,047	4,190	17,925
1982	23,671	24,170	4,733	1,009	3,724	41,182
1983	22,952	19,638	7,633	942	6,691	56,412
1984	21,885	18,417	10,399	881	9,518	70,920
1985	44,012	38,905	14,022	825	13,197	100,507
1986	103,474	102,443	11,564	701	10,863	171,372
1987	76,840	75,018	12,910	n.a.	n.a.	n.a.

n.a. = not available.
Source: Federal Home Loan Mortgage Corporation.

93. FNMA ACTIVITY
(MILLIONS OF DOLLARS)

Year	Loan Purchases	Loan Sales	Total Portfolio (Year-end)	Mortgage-backed Securities (Year-end)
1960	$ 980	$ 42	$ 2,903	...
1965	757	46	2,520	...
1970	5,078	...	15,502	...
1971	3,574	336	17,791	...
1972	3,699	211	19,791	...
1973	6,127	71	24,175	...
1974	6,953	4	29,578	...
1975	4,263	2	31,824	...
1976	3,606	86	32,904	...
1977	4,780	67	34,370	...
1978	12,303	5	43,311	...
1979	10,812	...	51,091	...
1980	8,099	...	57,327	...
1981	6,112	2	61,412	$ 717
1982	15,116	2	71,814	14,450
1983	17,554	3,528	78,256	25,121
1984	16,721	978	87,940	36,215
1985	21,510	1,301	98,282	54,987
1986	30,826	10,868	97,895	97,174
1987	20,531	n.a.	96,649	139,960

n.a. = not available.
Note: Data adjusted to exclude functions transferred to GNMA in 1968.
Source: Federal National Mortgage Association.

94. GNMA LOAN PORTFOLIO, BY FUNCTION
(MILLIONS OF DOLLARS)

Year-end	Special Assistance	Management & Liquidation	Total Portfolio
1965	$1,340	$ 953	$2,293
1970	3,401	1,821	5,222
1971	3,648	1,673	5,321
1972	3,824	1,287	5,111
1973	3,576	469	4,045
1974	4,440	409	4,849
1975	6,884	358	7,242
1976	4,102	305	4,407
1977	2,989	260	3,249
1978	2,521	220	2,741
1979	2,404	199	2,603
1980	2,806	162	2,968
1981	3,698	141	3,839
1982	3,977	125	4,102
1983	3,374	91	3,465
1984	3,060	80	3,140
1985	...	1,473	1,473
1986	...	889	889
1987	...	455	455

Source: Government National Mortgage Association.

95. GNMA MORTGAGE-BACKED SECURITY PROGRAM
(MILLIONS OF DOLLARS)

Year	Pass-through Securities		Bonds Sold
	Applications	Issues	
1970	$ 1,126	$ 452	$1,315
1971	4,374	2,702	300
1972	3,854	2,662	...
1973	5,529	3,249	...
1974	6,203	4,784	...
1975	10,449	7,366	...
1976	25,394	13,765	...
1977	31,076	16,230	...
1978	35,014	15,359	...
1979	53,820	24,592	...
1980	58,701	20,648	...
1981	36,915	14,253	...
1982	38,865	16,012	...
1983	70,280	50,496	...
1984	36,101	27,857	...
1985	64,360	45,868	...
1986	152,911	98,169	...
1987	116,720	98,300	...

Source: Government National Mortgage Association.

96. MAJOR FEDERAL LAWS AFFECTING THE SAVINGS INSTITUTION BUSINESS

Date	Law	Key Provisions
1932	Federal Home Loan Bank Act	Established the Federal Home Loan Banks under the supervision of the Federal Home Loan Bank Board to provide a central credit facility for home financing institutions.
1933	Banking Act	Created the Federal Deposit Insurance Corporation to insure demand and time deposits at commercial banks and savings banks.
1933	Home Owners' Loan Act	Authorized the creation under the FHLBB of a system of federally chartered and supervised savings and loan associations.
1934	National Housing Act	Established the Federal Savings and Loan Insurance Corporation to insure savings accounts at member associations; created the Federal Housing Administration to insure mortgage and other loans made by private lenders.
1944	Servicemen's Readjustment Act (The G.I. Bill of Rights)	Established a program of loan guarantees under Veterans Administration auspices to encourage private lending on generous terms to veterans of the armed forces.
1949	Housing Act	Established national housing goals of "a decent home and suitable living environment for every American family"; provided grants to municipalities for public housing and slum clearance; set up a program of financial assistance for rural areas under the Farmers Home Administration.
1961	Housing Act	Authorized new programs for federal involvement in housing, including subsidized rental housing for low- and moderate-income families; expanded funding for FNMA special assistance functions.
1968	Housing and Urban Development Act	Gave federal associations the authority to invest in mobile home and home equipment loans; expanded their authority to issue a wide variety of savings plans, notes, bonds and debentures.
1970	Emergency Home Finance Act	Created the Federal Home Loan Mortgage Corporation, under the FHLBB, to provide a secondary market for conventional, FHA and VA mortgages.
1974	Housing and Community Development Act	Liberalized the types and amounts of loans a federal association may make.
1974	Equal Credit Opportunity Act	Prohibited discrimination in credit transactions on the basis of sex or marital status.
1974	Real Estate Settlement Procedures Act	Provided comprehensive guidelines for loan closing costs and settlement practices.
1975	Home Mortgage Disclosure Act	Required most financial institutions to disclose the number and dollar amount of mortgage loans made, by geographical area.
1976	Tax Reform Act	Reduced certain allowable federal income tax deductions for savings institutions and increased the minimum tax rate; liberalized IRA and Keogh account provisions.
1977	Housing and Community Development Act	Liberalized federal association lending limits; required financial institution regulatory agencies to take into account an institution's record of serving the credit needs of its community when evaluating applications for new facilities, mergers and other matters.

Date	Law	Key Provisions
1978	Financial Institutions Regulatory and Interest Rate Control Act	Increased FDIC and FSLIC insurance limits for IRA and Keogh accounts from $40,000 to $100,000; provided for FHLBB chartering of federal savings banks.
1980	Depository Institutions Deregulation and Monetary Control Act	Shifted deposit account authority from individual depository institution regulators to a Deregulation Committee; increased FSLIC and FDIC insurance for all accounts from $40,000 to $100,000; gave the Federal Reserve authority to set reserve requirements on short-term accounts at all depository institutions; extended the federal override of state usury ceilings on various loans; authorized NOW accounts nationwide.
1982	Garn-St Germain Depository Institutions Act	For all depository institutions, preempted or severely limited state due-on-sale clause and alternative mortgage loan restrictions; granted broader powers to the federal deposit insurance corporations; mandated the phaseout of the savings interest rate differential by 1/1/84. For insured institutions with deficient net worth, provided for FSLIC and FDIC assistance to bring net worth to required levels, in the form of insurance corporation notes exchanged for net worth certificates issued by the institution. For savings institutions, eased charter and conversion limits. For federal associations, created or expanded lending and investment authority; authorized the acceptance of demand deposits from business and agricultural loan customers; removed mortgage loan-to-value ratio limits.
1986	Tax Reform Act	Reduced top corporate tax rate from 46% to 34% and also reduced the percentage of taxable income bad debt deduction from 40% to 8%; provided for three-year carrybacks and 15-year carryforwards for savings institution net operating losses; extended to eight years the carryover period for net operating losses incurred in taxable years beginning after December 31, 1981, and before January 1, 1986.
1986	Government Securities Act	Established a federal regulatory framework for all brokers and dealers in government securities; tightened registration and reporting requirements for holding companies and savings institution subsidiaries that buy and sell government securities.
1987	Competitive Equality Banking Act	Authorized a $10.8 billion recapitalization bonding program for FSLIC. Approved supervisory forbearance of up to three years for well-managed, capital-weak institutions in economically depressed areas. Established a schedule to phase out special FSLIC premium assessments; provided for balance sheet recovery of FSLIC secondary reserves. Approved one-year moratorium, "stiff" exit fees thereafter for conversions from FSLIC to FDIC insurance. Reaffirmed federal "full faith and credit" backing of insured savings. Limited check-holds and mandated caps for adjustable rate mortgages, home equity loans. Authorized nondepository firm purchases of institutions with assets of $500 million or more. Set chartering, growth limits for nonbank banks. Simplified restructuring of troubled loans and maximization of recoveries on these loans.

97. MAJOR REGULATORY CHANGES AFFECTING SAVINGS INSTITUTIONS

Date Effective	Item	Provisions
Jan. 1987	Final rules on regulatory capital and liability growth requirements	FHLBB issues extensive amendments to its 1985 net worth requirements. In order to build regulatory capital to strengthen institutions and protect the FSLIC, required levels of capital will be raised over time from 3% to 6% of liabilities. Each institution's level of capital as of December 31, 1986, and the savings institution business' future return on assets will help determine minimum capital ratios.
April 1987	Extension of restrictions on direct investments	New regulations require principal supervisory agent preapproval threshold for institutions in compliance with regulatory capital minimums. Institutions with 6% or greater tangible capital have a supervisory threshold for direct investments of three times their tangible capital. Any institution making direct investments at or above the 20% level, however, must notify its PSA.
Dec. 1987	Appraisal policies and practices	Sets broad guidelines for savings institution and service corporation managers and boards to formally adopt "prudent" appraisal policies; requires that appraisals be based on market value, be presented in narrative form and be conducted by qualified appraisers. Institutions are also required to review appraiser performance.
Dec. 1987	Classification of assets rules amended	FHLBB broadens scope of classification system to include all assets of insured savings institutions. Institutions must classify own assets regularly and make quarterly reports on classified assets; must also set aside valuation allowances for possible losses resulting from problem loans.
Dec. 1987	Final rules on individual regulatory capital requirements, capital directives and capital forbearance	FHLBB delegates authority to principal supervisory agents to establish increased individual capital requirements for FSLIC-insured savings institutions on a case-by-case basis; FHLBB may issue capital directives to any insured institution that fails to meet regulatory capital requirements. Regulation establishes a revised policy to extend capital forbearance to well-managed and viable institutions in economically depressed areas.
Dec. 1987	Final rules on uniform accounting standards	FHLBB amends definition of regulatory capital and accounting principles and procedures regulations to bring savings institution accounting standards more in line with those used by banks. Institutions must eventually report virtually all components of regulatory capital in accordance with generally accepted accounting principles or bank-employed regulatory accounting practices.
Dec. 1987	Loan fee accounting	Financial Accounting Standards Board's new rule for loan fee accounting takes effect for fiscal years beginning after December 15. Nonrefundable loan fees and certain direct loan origination costs, net of fees, must be deferred over a loan's life.
Dec. 1987	Qualified thrift lender test	FHLBB establishes a new qualified thrift lender test under which savings institutions must maintain housing-related investments equal to 60% of tangible assets; reduces access to FHLB advances for institutions that fail to meet the QTL test.
Dec. 1987	Troubled debt restructuring	Authorizes savings institutions to restructure and maximize recoveries on troubled debt under accounting provisions of Financial Accounting Standards Board.

Glossary

adjustable rate loan: any loan on which the interest rate may be changed, either at set intervals or whenever movement occurs in a specified index.

advance: a loan of funds; in the savings institution business, usually a loan from a Federal Home Loan Bank to a member institution.

alternative mortgage instrument: any loan contract that differs from the traditional fixed rate, long-term, fixed payment mortgage. The AMI may be written for a short term with a renewal clause; provide for changes in the monthly payment, term, interest rate or other loan element; or contain some other creative provision.

appraised equity capital: the difference between the book value and market value of certain savings institution assets such as land and improvements; may be counted as net worth.

asset reserves: funds set aside against transaction account and other short-term deposit balances, as required by the Federal Reserve Board of all except very small depository institutions; held in the form of cash and nonearning deposits at a Federal Reserve Bank.

balloon loan: a loan on which the entire balance becomes due after a specified time such as three or five years; the borrower pays interest regularly, and may or may not make small principal repayments during the loan's term.

basis point: a figure used to describe the amount of change in yield. It is counted in $\frac{1}{100}$ths of 1%.

bond-type security: an investment security, especially a mortgage-based one, that has the characteristics of a typical corporate bond, including long term, fixed rate of return and repayment of principal at maturity. See also **pass-through security.**

capital directive: an order issued by the FHLBB against an insured institution which fails to meet regulatory capital requirements. The directive may mandate certain steps for achieving capital compliance.

capital forbearance: a process whereby certain institutions with capital below regulatory minimums are permitted to continue in operation under an approved plan to achieve capital compliance by a specified date.

certificate account: a savings deposit made for a fixed or specified minimum term, usually subject to a penalty (such as loss of interest) for early withdrawal.

checking account: a transaction account that permits unlimited withdrawals, transfers and payouts of funds but that cannot, by federal law, earn interest.

classification of assets: a process that involves the identification of substandard, doubtful and loss assets for the purpose of establishing valuation allowances to cover actual or potential financial losses.

club account: a savings account program designed to help people save for specific goals such as Christmas or vacations; provides for deposits each payday and a one-time lump-sum withdrawal; earns interest at up to the passbook rate.

collateralized mortgage obligation: a mortgage-backed security that passes borrower payments into a trusteed pool, from which principal and interest are paid to security holders class by class, with one class completely paid off before any principal is repaid to the next greater maturity class.

commercial loan: a loan not secured by a pledge of real estate, made to a business for commercial purposes.

commitment: an agreement to extend mortgage credit or to buy or sell mortgages or mortgage-backed securities under certain stated conditions.

conduits: private companies that perform some of the same functions as the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. Conduits purchase loans from originators and issue pass-through securities backed by loan pools.

consolidated obligation (FHLB) a debt security issued by the Federal Home Loan Banks over the signature of the FHLBB chairman; the financing needs of the various regional Banks are consolidated into larger issues for the capital markets.

construction loan: a mortgage loan made to finance real estate construction; may include funds for land acquisition; may provide for permanent long-term financing upon completion of construction.

consumer loan: a loan made to individuals for any nonbusiness purpose except the construction or purchase of real estate; also called a nonmortgage loan.

conventional loan: a loan not insured or guaranteed by a government agency; may be privately insured.

conversion: a process whereby a mutually chartered savings institution is transformed into a stock savings institution and vice versa.

credit or equity instrument: any direct market investment representing an ownership share in or a loan of funds to a corporation or government body, including stocks, bonds, bills, notes and debentures.

depository institution: a financial intermediary that accepts savings or demand deposits from the general public.

direct investment: an investment made directly by an institution in a service corporation or for such purposes as the purchase of equity securities or real estate development.

direct market investment: any investment in a credit or equity instrument that is made directly with the seller or borrower and not through a financial intermediary.

discount note: a short-term debt security sold at less than face value but redeemed at maturity at full value; the difference between the purchase price and redemption amount is the equivalent of interest paid for the use of the funds.

earnings-based account: a savings deposit on which part of the interest payment is tied to the rate of return on earmarked assets; also called an equity account or equity certificate.

education loan: a nonmortgage loan made to a consumer to finance college or vocational school education or similar training.

equity loan: any loan secured by the equity in a property and made for purposes other than the purchase of that property regardless of the lien priority; may be structured as a second mortgage loan or as an open-ended line of credit with either variable or fixed rate terms.

family: see **household.**

FHA loan: a mortgage, mobile home or property improvement loan made by a private lender and insured by the Federal Housing Administration.

financial intermediary: a corporation whose operating profit comes primarily from acting as a middleman between those with surplus funds to save or invest and those who want to borrow; accepts money from savers or investors and, in turn, lends the funds in the intermediary's own name to borrowers.

fixed rate loan: a loan made for a predetermined rate of interest that does not change over the life of the contract.

forward commitment: a definite promise to do something at a future time or within a specified period, such as make loans or purchase mortgages.

general reserves: all reserve accounts on a balance sheet except those earmarked for specific potential losses.

graduated payment mortgage loan: a home mortgage loan on which the monthly payments start at a low level and gradually rise at a predetermined rate, based on the assumption that the homeowner's income will increase over time; in the early years of the loan, negative amortization may occur.

growing equity mortgage loan: a home mortgage loan on which the payments increase according to an agreed-upon schedule, based on the assumption that the homeowner's income will increase over time; the initial payment level is sufficient to amortize the loan over a long term such as 30 or 40 years; the payment increases prepay loan principal, however, so that the loan actually is paid off in many fewer years.

home: a residential structure containing one to four dwelling units; a condominium unit, regardless of the number of units in the building.

home equity loan: see **equity loan.**

home improvement loan: a loan to finance the repair, modernization or improvement of residential real estate; also called a property improvement loan; when secured by a mortgage, classed with other mortgage loans on the balance sheet.

home loan; home mortgage loan: a residential mortgage loan secured by one- to four-family property or a condominium unit.

household: all persons occupying a separate housing unit that has either direct access to the outside or a public area, or separate cooking facilities; when the members are related by law or blood, called a family.

household funds: in the Federal Reserve Board's Flow of Funds Accounts, the financial assets and liabilities of households, businesses, financial institutions and government units.

income capital certificate: an FHLBB certificate that is an agreement to pay back a corporation's loan, plus interest, when and if an institution in financial difficulty gets into a better position. Payments are installments and are always less than the institution's net income.

individual retirement account: a trust-type savings deposit arrangement; exempt from federal income tax on account earnings and new funds deposited, under specified limits, until the saver retires.

insurance fund: the reserves accumulated by the FDIC over the years to offset any claims made by depositors of defaulted insured institutions.

insured institution: a savings association or savings bank whose deposits are insured by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation.

IRA: see **individual retirement account.**

jumbo certificate: a market rate certificate savings account of more than $100,000.

Keogh account: a trust-type savings account for self-employed individuals and their employees; exempt from federal income tax on account earnings and new funds deposited, up to specified limits, until the saver retires.

liability reserves: see **general reserves** and **net worth.**

liquidity: investments readily convertible to cash without significant loss; specified types of such investments held by member institutions to satisfy FHLBB requirements for short-term and overall liquidity.

loan discounts and fees: charges made by most mortgage and nonmortgage lenders for processing loan applications and writing new loans.

loans in process: the contra-asset account representing funds not yet paid out on existing loans.

manufactured home loan: a loan to finance the purchase of a manufactured (mobile) home; may include funds for associated costs such as transportation and setup.

mobile home loan: see **manufactured home loan.**

money market deposit account: a savings deposit whose rates are usually linked to rate changes on money market instruments such as Treasury bills; may have up to six preauthorized transfers a month.

money market fund; money market mutual fund: a mutual fund investing in short-term money market securities and selling shares in low minimum amounts to the public.

mortgage-backed security: any of a variety of investment securities representing shares in a pool of mortgage loans; often guaranteed by the Government National Mortgage Association (Ginnie Mae) or privately insured.

mortgage loan: an advance of funds to a borrower secured by the pledge of real estate; the pledge ends when the debt is discharged.

mortgage warehousing: a contra-asset account representing mortgages made by an institution and earmarked for inclusion in a pool that will underlie a mortgage-backed security; mortgages in the pipeline between origination and securitization.

multifamily housing: a residential structure containing five or more dwelling units.

mutual capital certificate: a long-term debt security issued by a federal mutual institution, subordinated to all other claims on assets; not covered by federal insurance of accounts; may be counted as net worth for regulatory purposes.

mutual institution: a savings institution owned solely by its customers—current savers and borrowers—who elect the board of directors and, if the institution goes out of business, share pro rata in any assets remaining after all liabilities have been paid.

net new retail savings: the total of funds placed in new and existing accounts except $100,000-minimum certificates, excluding interest credited, less withdrawals from these accounts, over a given period.

net new savings: the total of funds placed in new and existing accounts, excluding interest credited, less withdrawals from these accounts, over a given period.

net worth: the amount by which savings institution assets exceed liabilities, maintained at least at the minimum level required by regulation; a cushion to protect savers against any losses on loans and other investments; consists of federal insurance and general reserves, paid-in surplus, undivided profits, subordinated debentures, appraised equity capital, net worth certificates, income capital certificates and mutual capital certificates (for a mutual institution) or permanent stock (for a stock institution); now officially called regulatory capital.

net worth certificate: a special security issued by a depository institution with a net worth deficiency; it is then exchanged for a promissory note from the FDIC or FSLIC; the institution redeems its NWC when it returns to profitability and can make all required allocations to net worth.

nonmortgage loan: see **consumer loan.**

NOW account: a savings account that allows check-like drafts (negotiable orders of withdrawal) to be drawn against the interest-bearing deposit.

operating expense: costs incurred in the normal operation of a savings institution or other business, as opposed to outlays and losses arising from extraordinary circumstances such as a lawsuit (nonoperating expense).

operating income: income arising from the normal operation of a savings institution or other business, as opposed to funds received from extraordinary events such as the one-time sale of an office building (nonoperating income).

operating loss carryback; operating loss carryforward: a provision of income tax law that allows businesses that experience an excess of operating expense over operating income in one tax year to use part of that loss to offset income in a past or future tax period.

ordinary savings: the term used by some savings banks to refer to passbook accounts.

over-the-counter savings: savings accounts and time deposits at depository institutions.

participations: mortgage loans made jointly by two or more lenders or owned jointly by two or more investors.

passbook account: a savings account that permits the addition or withdrawal of any amount at any time without penalty.

pass-through security: a security representing an interest in an underlying pool of mortgages, on which payments received on the underlying pool are passed through to the security investor.

personal savings: in the Department of Commerce's National Income Accounts, the balance remaining after estimated outlays for goods and services are subtracted from the after-tax income of individuals and families.

primary reserve: the funds set aside by the FSLIC over the years to offset any claims made by depositors of defaulted insured institutions.

private mortgage insurance: insurance offered by a private company that (a) protects a lender against loss on a defaulted mortgage loan up to policy limits, often 10% to 25% of the total loan amount; or (b) protects owners of mortgage-backed securities against losses on the underlying loans up to policy limits, often 5% of the total principal.

public unit account: a savings account containing the funds of a state, county, municipality, or other government unit or subdivision.

purchase loan: a mortgage loan made to finance the purchase of existing real estate, secured by a pledge of that real estate.

real estate loan: see **mortgage loan.**

real estate mortgage investment conduit: an issuer of multiclass securities similar to collateralized mortgage obligations but offering tax and accounting advantages, as authorized under the Tax Reform Act of 1986; savings institutions are authorized to issue and invest in Remic securities.

real estate owned: real property acquired by a mortgage lending institution as a result of its lending operations, after a borrower defaults.

regular deposit: any account at a savings bank except a checking, club or school account.

regulatory capital: see **net worth.**

retail savings: all savings deposits except jumbo certificates.

return on assets: net after-tax income for a given period of time, divided by average assets, net of contra-asset items.

savings account loan: a loan secured by a pledge of funds in a savings account at the same institution; often used by savers who want to avoid penalties for early withdrawal from a certificate account.

savings association: a state-chartered or federally chartered financial intermediary that accepts deposits from the public and invests those funds primarily in residential mortgage loans; in various jurisdictions, also called a savings and loan association, co-operative bank, homestead society or building and loan association.

savings bank: a state-chartered or federally chartered financial intermediary that accepts deposits from the public and invests those funds in a variety of secure investments, mainly mortgage loans; also often called a mutual savings bank.

savings institution: a savings association or savings bank.

school savings plan: a special account for young people, offered by some savings banks, that is exempt from most of the regulatory requirements that apply to other types of savings accounts.

secondary mortgage market: the aggregate buying, selling and trading of existing mortgage loans and mortgage-backed securities.

service corporation: a regulated business organization wholly owned by one or more savings institutions, which may engage in specified business activities that the parent(s) cannot or does not want to engage in, such as real estate development and management, insurance agency and brokerage services, or the sale of clerical and computer services.

speculatively built home: a one- to four-family home on which construction has begun without a contract having been signed with any buyer.

subordinated debenture: a long-term debt security issued by a savings institution, subordinate to savers' claims on assets; may be counted as regulatory net worth.

surplus account: a balance sheet account containing net profits from prior operating periods that were not distributed to savers in interest or paid to stockholders as dividends; a component of net worth at many savings institutions.

tax preference item: the amount of tax saving generated by the use of certain "loophole" provisions in the tax code; a special minimum tax is imposed on users of these provisions to ensure that they cannot completely avoid federal tax liability.

thrift institution: see **savings institution.**

time deposit: any savings deposit with a definite term or notice period; excludes transaction and passbook account funds.

transaction account: a deposit from which payments may be made directly to a third party on the depositor's negotiable or non-negotiable order; includes NOW accounts, checking accounts and third-party payment accounts.

turnover ratio: the inflows from an investment portfolio over a given period of time, expressed as a percentage of the average portfolio over that period.

VA loan: a mortgage or manufactured home loan made by a private lender and guaranteed by the Veterans Administration.

valuation allowance: a general or loss allowance that is set aside to cover the risk that the principal and interest on an investment such as a loan or security will not be repaid according to contract.

variable rate certificate: a certificate account on which the interest rate varies during the term of the deposit according to a predetermined schedule, formula or index.

variable rate mortgage loan: a mortgage loan on which the interest rate may be adjusted periodically in accordance with changes in an agreed-upon index; also referred to as an adjustable rate mortgage.

yield: the rate of return on an investment over a specific period of time; expressed as a percentage of the amount invested. Net yield is what remains after deducting all costs, particularly those for servicing. Yields are also quoted on a prepay basis as yield to maturity.

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